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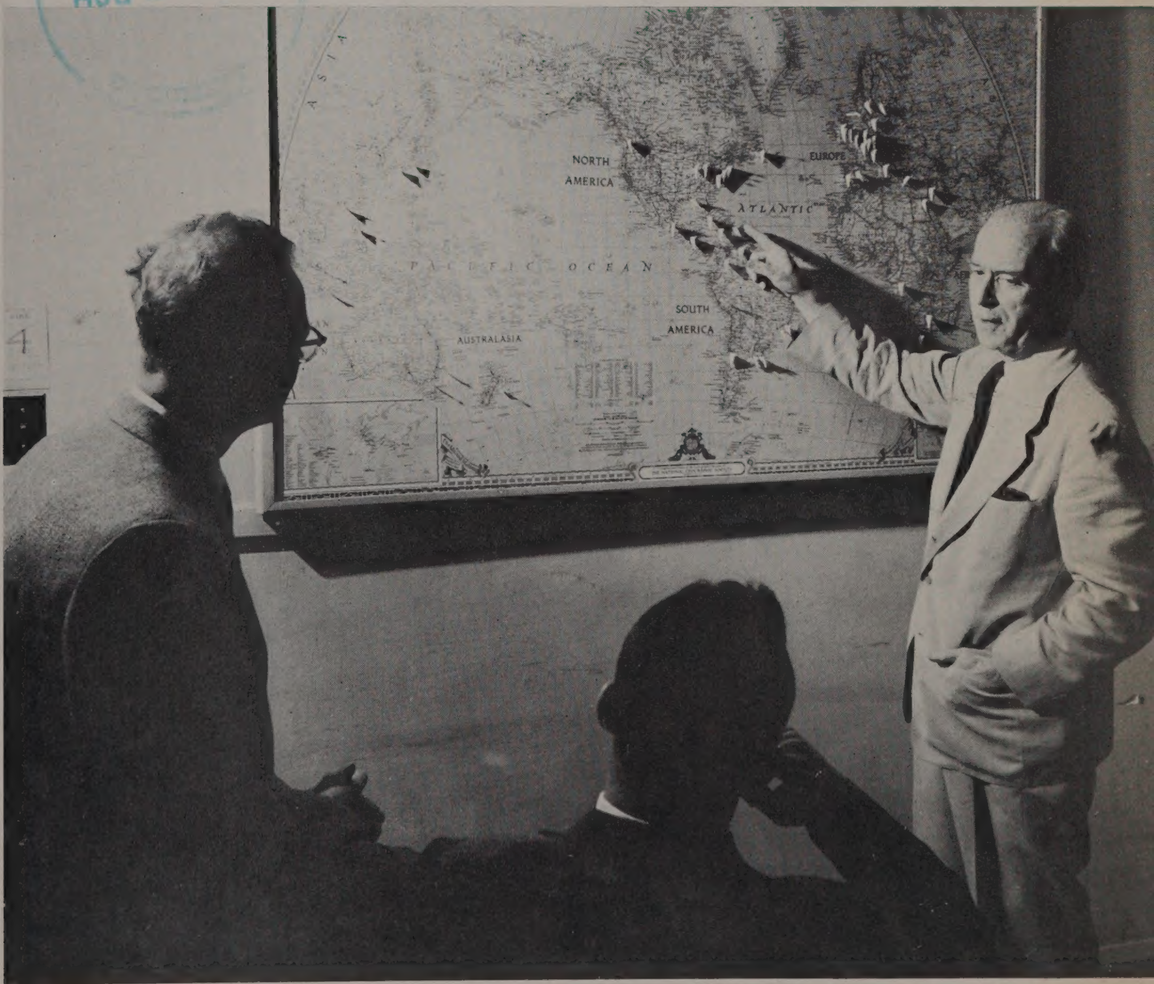
foreign trade

CANADA



HOW "MR. CANADA" HELPS THE EXPORTER (page two)

CANADA

foreign trade

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cover John H. English, Director of the Trade Commissioner Service, points out to two of his junior officers how widespread the operations of the Service are. Flags mark the 54 cities in which Trade Commissioners are stationed. For a story on how the Service helps the Canadian exporter to broaden his markets, turn to page two.

O. MARY HILL, *Editor, "Foreign Trade"*.

How "Mr. Canada" Helps the Exporter

In many countries, the Trade Commissioner becomes known as "Mr. Canada", in tribute to his efforts in building up Canadian trade. Those efforts take many forms, as this article illustrates. Perhaps it will suggest ways in which the Department can help you promote your business abroad.

ONE DAY IN JUNE 1953, the Canadian Trade Commissioner in Boston flew up to Toronto to visit the Canadian International Trade Fair. While he was making the rounds of the exhibits, he met one of the Commodity Officers of the Department of Trade and Commerce.

"I wish you'd go and talk to the exhibitor in stand No. 18", said the latter. "He's showing a line of giftware made in the Maritimes. It should sell well in the United States but he tells me he hasn't been too successful so far. He has expanded his plant and he badly needs more sales. Perhaps you could help him."

The Trade Commissioner talked with the exhibitor and, when he returned to Boston, took some samples of the giftware with him. During the next few months, he carried these samples about whenever he had time, showing them to department store buyers, giftware jobbers, and potential agents. Convinced that the line really would sell in the Boston area, he picked out two live-wire salesmen each of whom was anxious to take on the agency.

The next problem was to get the manufacturer, who was curiously apathetic about the whole affair, to come down to Boston, talk to the two men, and choose between them. Eventually a long distance call turned the trick. The manufacturer came, selected an agent—and today his giftware is selling not only in New England but also in other parts of the United States.

Before he returned home, he had an admission to make. "I should have done this long ago," he said to the Trade Commissioner, "but I couldn't believe that the Department of Trade and Commerce was sincerely interested in helping me to sell my product."

Promoting Products

Today more than one hundred Trade Commissioners stationed in 42 countries are making it possible for thousands of Canadian producers to find customers abroad. In the last six months, they've had a part in selling printing ink in Latin America, spaghetti in Hong Kong, leather in Guatemala, milk powder in Mexico, oil burners in West Germany, pulp and paper in Peru, caviar in the Middle East—and have promoted literally hundreds of other products. Backed up by the Department's officers at home, they are on the lookout every day for new openings for the Canadian exporter. And because exporting—like every other line of business—has its special problems, they are equally ready to cut red tape, smooth out difficulties, suggest methods of approach, and help keep the channels of trade clear.

The First Approach

To show how the Department goes to work to help the Canadian who wants to sell in foreign countries, let's begin with a manufacturer who's new to the export market. He has a product which he thinks will sell overseas. How does he set about making contacts?

He can, of course, write directly to the Trade Commissioners stationed in the countries in which he is interested. But the most effective approach is to write to the Department of Trade and Commerce in Ottawa or to pay a personal visit. His inquiry—which should

go into detail about the product, the price, present distribution arrangements, and so on—will reach the various branches concerned. If there's a tariff question involved, the International Trade Relations Branch will study it; if transportation costs, the Transportation Division. It will undoubtedly receive attention from the Commodities Branch and from an officer familiar with that type of industry. Together the officer and the manufacturer will discuss, face to face or by correspondence, potential markets and methods of approach. Where necessary, they will call upon other experts in the Department for advice.

The next step is an indispensable one—obtaining a listing in the *Exporters' Directory*, a confidential guide to Canadian companies active in the export field. This Directory, compiled and kept up-to-date by the Department, is on the shelves in every Trade Commissioner's office and he regards it as his basic tool. To obtain a listing, the firm fills out a questionnaire covering the products it has for export, whether it is already selling abroad, and the areas in which it is interested. (Not only manufacturers but also export agents, jobbers, brokers and export merchants are entitled to a listing in the Directory.) When the Trade Commissioner receives an inquiry from a Canadian firm, he checks immediately with the Directory. If the company is not included, there are inevitable delays while he writes for the information he needs.

These preliminaries over, the Department goes into action to help sell the product. If it is one which has wide appeal—say apples—it may rate a "product report" from many areas. This is initiated by a circular letter to selected offices abroad, giving full details about the commodity (varieties available, sizes, sales arrangements, etc.) and asking for a full report on market prospects in each territory. When all the replies are in, they are collated and a digest prepared.

Studying the Market

To take another example, let's suppose that an exporter has a certain type of builders' hardware which he believes will sell in Latin America. Consulting with the Department, all agree that probably Venezuela, Colombia and Mexico offer the best prospects. A request for a market investigation goes, say, to the Caracas office. The Trade Commissioner there consults his carefully maintained card file of importers and the products they handle, wholesalers, agents, etc. This may give him good leads. But market research means legwork as well as paperwork. He makes the rounds of the main hardware merchants and wholesalers to sound them out and to discover what competition, domestic or foreign, the Canadian must face. The report back to the manufacturer covers not only competition, prevailing prices and prospects but also consumer tastes, tariffs and other restrictions, foreign exchange problems, and so on. The Trade Commissioner may give advice on the best way of packaging, shipping and advertising the product.

Often any difficulties that are disclosed can be surmounted by joint action by the Department's staff at home and abroad. Sometimes it's a matter of transportation costs. Not long ago, a manufacturer wished to sell in South Africa a new type of carbon black. The steamship tariff covered only acetylene carbon black, at a higher rate. The Trade Commissioner in the Union, advised what the landed cost of the new carbon black would be, pointed out that the product simply couldn't compete. This—and the fact that it *was* a new type of product—was made clear to the steamship officials and a lower rate was negotiated.

George Browne, Commercial Secretary at the Canadian Embassy, Havana, (left) looks over an outgoing shipment of table potatoes produced in Cuba from Canadian seed. Getting about and talking with local exporters and importers is a vital part of the Trade Commissioner's job; legwork as well as paperwork is needed.

Perhaps, in these days of controlled trading, it's a tariff problem that has to be solved. Not long ago a shipment of Canadian skim milk arrived in Mexico. Because it was intended as animal feed, a small amount of carbon black had been added to make it unfit for human use and eligible for a lower rate of duty. After a time the Mexican authorities claimed that the carbon black was being removed and the product sold for human food. This would mean a rise in the duty.

The office in Mexico City got in touch with Ottawa and put the technical question up to the Agriculture and Fisheries Branch of the Department. The Branch insisted that it just wasn't possible to remove the carbon black once it was added; that would be like unscrambling eggs. This fact was relayed to the Mexican authorities—and the duty was not raised.

Choosing an Agent

But let's get back to that builders' hardware going to Venezuela. The exporter decides, when he has studied the reports, that he would like to try his luck in the Venezuelan market. But the Trade Commissioner is not, nor is he intended to be, a salesman. He serves as a liaison between the seller and potential buyers. So his next responsibility is either to persuade the exporter to fly down and personally survey the market, or to recommend a suitable agent for him.

During his stay at a post, the Trade Commissioner makes it his business to become acquainted with the better agents and the lines which they handle. He may therefore find it easy to talk over his proposition with a competent person and advise the exporter of his reaction. Very often the best course is to make an agreement with an agent, on behalf of the principal, for six months and see how it works out. From long experience the Trade Commissioner acquires the capacity to sum up an agent shrewdly and his advice should be heeded. One letter to the Department commends the "effective co-operation of Mr. ———, Canadian Government Trade Commissioner, in connection with the search for and appointment of a capable agent to represent us in that part of the world."

Once the agency arrangement is made, the Trade Commissioner checks in about six months' time to see how it is working out. He usually reports to the firm back home any serious change in the agent's status, such as long-continued illness, financial difficulties, or the death of a partner. It might otherwise be some time before news of the change gets back to Canada.

Preparing the Way

Most Trade Commissioners feel that their time is never better spent than in arranging for an exporter to visit the market and in helping to make that visit a profitable one. Last spring, for example, the export manager for a Canadian company making fish nets and netting wished to tour certain Latin American countries. The Trade Commissioners in these countries gathered in advance certain statistics on the types of fishing carried on, domestic production, and so on, and on imports of fishing nets and twines. They arranged appointments for him with industry and with government officials and contacts with prospective agents; when it was necessary, they acted as interpreters. The result: a tremendous saving of the visitor's time and effort and a trip that paid for itself, in new business, many times over. Another exporter was persuaded to visit Venezuela by a Trade Commissioner who was on tour in Canada. The result: $300 thousand worth of orders for his firm in a few months.

Trouble Shooting

It would be comforting to report that, once an agent has been found and the goods shipped away, the hazards are past. Actually the course of export business, like domestic business, seldom runs completely smooth and one of the Trade Commissioner's main functions is to put his knowledge and skill to work to straighten out trade tangles.

Sometimes, for example, an irate importer rings up the Trade Commissioner and complains about the quality of a Canadian shipment. He may even refuse to take delivery. On occasion the dispute arises because the exporter did not ship according to sample; sometimes it's the result of circumstances beyond his control. In such cases, the Trade Commissioner can't act as an arbitrator. He can, however, explain the situation to the two parties involved and speed the settlement of the dispute.

Occasionally his role as mediator leads him into unusual situations. Some years ago, the office in London received a complaint that a shipment of canned salmon was not up to scratch. Over to the importer's warehouse went a Trade Commissioner who, it happened, had in his college days worked each summer in a salmon cannery.

An open tin of salmon was presented to him. There was slight discoloration at the top but his experienced eye told him that a small piece of skin, left on, had come into contact with the top of the tin. The quality was not affected. But he wanted to prove his point. He ordered a tin each to be extracted from two cases and then sat down and ate the salmon from both tins. "If I'm alive and well tomorrow morning," he said, "you'll know the salmon is all right." An early morning telephone call proved that he had never felt better—and the shipment was accepted.

Because an expert is not always at hand to straighten matters out in that dramatic way, the Trade Commissioner in cases of dispute customarily gets in touch with

the agent and then with the Canadian company concerned. He may ask the company to send a representative down, or may recommend using a commercial survey company. Speed matters, because Canada's reputation for sound trading is at stake and the foreign importer is apt, from one experience, to generalize about all Canadian exporters.

A somewhat similar problem is the recovery of debts owed to Canadian suppliers. No Trade Commissioner can be considered as in any sense of the word a debt collector. But occasionally he may use moral persuasion upon a recalcitrant customer, usually by pointing out to him that his conduct is jeopardizing his sources of supply. It often works. One Trade Commissioner was recently able to obtain payment of an account that dated back to 1947 and involved complicated currency controls.

Easing Trade Restrictions

The postwar era of currency controls, import quotas and trade restrictions has hampered the Trade Commissioner's activities in many ways but it has also opened new avenues of usefulness. In countries where the imposition of import restrictions becomes necessary, he has sometimes been able to safeguard Canadian interests. For example, the import authorities may not be aware that Canada is a good source of supply for the product and she may not be allotted any quota. Representations from the Trade Commissioner sometimes help to rectify this and his good relations with the authorities win him a hearing.

A case in point arose in the Johannesburg office. The South African authorities had made provision for a small quota of imports from Canada of a widely used household appliance but had prohibited the entry of replacement parts. The export manager of the company came out to South Africa to see whether anything could be done. Together he and the agent visited outlying farms where they saw many of these appliances lying unused for want of one small part. Then, with a documented case, the Trade Commissioner approached the director of imports and won a small quota for replacement parts. Similarly, Trade Commissioners stationed in the West Indies have sometimes been able to obtain small quotas for Canadian firms not included under the BWI Trade Liberalization Plan.

Finding Trade Leads

The value of a Trade Commissioner to our export trade goes far beyond the efforts which he makes on behalf of one particular firm or one specific product. A first-class officer abroad is always seeking trade opportunities and always alert to promote Canada's business. The initiative in introducing Canadian-made lines often comes from him rather than from the manufacturer back home. It may be the announcement of a development project which sets him thinking of equipment which Canada might supply. Scanning the ships' manifests often yields clues about possible imports. His contacts with people in his territory may supply other leads which he can follow up. Suppose an announcement of a new animal feeds factory appears in the press. That seems to mean a disappearing market for Canadian feedstuffs. But the Trade Commissioner calls on the head of the new enterprise, points out that Canada could supply the needed types of feed wheat, and obtains continuing business for Canada.

Much of the information which the Trade Commissioner discovers goes into reports for individual firms or for the Department. Often it is worked into an article for publication in *Foreign Trade*—one of the traditional links between Canadian supplier and foreign market. Furnishing reports for the magazine is, in fact, one of the Trade Commissioner's responsibilities.

Efforts Bear Fruit

Do his varied efforts on behalf of Canadian trade bear fruit? The trade statistics and the experience of Canadian exporters answer that question effectively. A bulky file entitled "Letters of Appreciation for the Work of Trade Commissioners" yields many examples. Here is one, culled from that file. The names of the country, the firm, and the product are omitted because the Department holds the affairs of individual firms in the strictest confidence.

"We were extremely interested in obtaining this business and in October sent our technical sales representative down with detailed price and shipping information so that he could work out with our representative our best offering against the contract. We have every confidence in our representative but without the guiding hand of your Trade Commissioner who knows the Latin temperament and was able to suggest better methods of approach than those planned by our own representative and agent, I do not believe we would have been as successful . . . The Trade Commissioner's co-operation in making available to us the services of his staff, as well as office facilities, for preparation of highly confidential price lists and specifications prior to their submission to the Government, was very valuable indeed.

"Our representative advises that because government officials . . . know and respect the advice of your Trade Commissioner, they were thereby assured that our offers of technical assistance were quite sincere and furthermore that our prices and quality of goods would be the equivalent of the best that would be offered by our competitors.

"We would like to indicate our appreciation of the invaluable assistance rendered by him at this particular time." ●

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THE MARKET IN IRAN

J. P. MANION, *Assistant Director, Economic Planning and Co-ordination, Trade Commissioner Service.*

In the fourth and last of his reports on markets in the Persian Gulf area, based upon personal observation during a tour this spring, the author analyzes trading possibilities in Iran, where settlement of the oil dispute has quickened the pace of development.

IRAN, which is slightly larger than the Province of Quebec, with an area of 630 thousand square miles and a population of about 20 million, has fertile plains bordering on the Caspian Sea and the Persian Gulf, and extensive common boundaries with the USSR on both sides of the Caspian Sea. Tehran, the capital, with a population of about 1,250,000, is itself only about 40 air miles from the sea.

The country has frequently been subjected to considerable pressure from the USSR and indeed the part of it west of the Caspian was occupied for some time after the war. As a crossroads between the east and the west, the north and the south, it is of strategic importance—an importance enhanced by the presence of oil.

Iran had only begun to be strongly organized along centralized lines when the oil dispute erupted and this delayed development until the renewal of the agreement in 1954. Consequently, there are vast projects which must be undertaken. Funds available for these will depend on oil revenues which may be expected to reach $180 million by 1957, based on oil output of 600 thousand barrels a day or 30 million tons a year.

Funds for Development

Production has already reached 200 thousand barrels a day and may increase before the end of the year. Following this rise, revenues may reach $80 million this year and $120 million in 1956, so that already there are funds on hand to undertake certain essential projects. Many are also being aided by credits from the United Kingdom (almost $30 million), from France (an original $15 million which has probably been tripled), and an Export-Import Bank loan of $52 million.

This pattern of medium-term credit advances is not usual in the other areas described in this series, because their own revenues are already well established. In fact, the last article pointed out that Iraq had recently cancelled over $6 million of an International Bank Loan.

The International Bank itself is taking an interest in Iranian development and the Bank entered into a proposed agreement with the Iranian Seven Year Plan Organization. Under this, the Bank would supply technical advice and would recommend technical personnel upon request from the Organization. It is not yet known whether the Council of Ministers in Iran has concurred in this agreement.

Immediate development needs are fairly well defined. Better transportation facilities have priority. Already a 6,000 kilometre road-improvement contract has been let to a British firm. The railways too require extension and maintenance. The principal cities of the northeast and northwest, Meshed and Tabriz, are not yet connected with the capital and work is starting with the Meshed line. There is also talk of a southeast extension from Kashan to Yezd and perhaps to Kerman, while the present radial system centred on Tehran may be supplemented by a cross-country feeder line from Kermanshah to Isfahan.

Improving Agriculture

Part of the British loan has already been used for tractors and combines. Some observers feel that this is premature, because there is now a heavy movement of unemployed rural workers to the cities (Tehran has a population of 1¼ million compared with 350 thousand prewar) which may be aggravated by farm mechanization. American Point Four, incidentally, is undertaking an important grass roots program in both Iran and Iraq. In the latter, it supplies reclamation and drainage engineers, whereas in the former it is concentrating on seed selection, insect pest control, grading and packing of such products as dried fruit, and better selection, grading, ginning, etc. of cotton, one of the more important potential cash crops for export.

It may be of some interest at this point to give the latest available agricultural production figures, those

Iran's strategic position as a crossroads between east and west, north and south, is graphically illustrated by this map. It also shows the country's long common boundaries with the USSR.

for the year ending March 1954 (figures in metric tons):

Wheat	2,800,592	Dates	176,000
Barley	1,065,761	Raisins	73,000
Rice	659,000	Pistachios	4,500
Cotton	62,700	Olives	950
Tobacco	15,310	Almonds	74,000
Tea	4,000		

In addition to increasing tthe production of food staples, there appear to be excellent opportunities to step up cotton and tobacco production for home use and for export and to increase greatly the output of dried fruit for export. All such projects would require extensive irrigation, land reclamation and drainage projects, which are given high priority under the Seven Year Plan.

Other projects, including electric power, the setting-up of sugar refineries, textile mills, cement plants, pipelines for both water and oil, indicate a growing market for industrial goods and in the long run for consumer durables. Agriculturally, the country is almost self-sufficient and foodstuffs are on the prohibited list of imports, as are such goods as soaps, toilet articles and alcoholic beverages.

More Electric Power Needed

One of the points about Iran which is worth recording is that it is very short of electric power. Tehran, about the size of Montreal, has only 33,000 kw. available, although contracts have been let with Alsthom in France for four additional 10,000 kw. units. This is still insufficient so that, with cheap kerosene available, heating, cooking, refrigeration and much lighting depends on kerosene rather than on electricity.

This generalization does not apply to the Abadan region, with a population of half a million. Here the oil refinery has an excellent thermal plant producing about 87,000 kw. and as a consequence the market characteristics are somewhat different. On the other hand, Abadan is so close to the entrepot market in Kuwait that most of its requirements can come from there rather than through Tehran agencies.

As usual, I found on my visit that the Iranian business community was unaware of the diversity of Canadian production but did indicate interest in road, mining, construction and earth-moving equipment; refrigeration and air-conditioning equipment; kerosene stoves and heaters; textiles and synthetic yarns; kraft and newsprint paper; electric fixtures, appliances and distribution equipment; copper sheet; chemicals, including caustic soda, calcium carbide; paints; plastics, and a wide variety of construction materials. There were also a number of inquiries for consumer goods, including oilcloth, nails and tacks, wire netting, sewing thread, hasps and hinges, rubber hot water bottles, bicycle tires and tubes.

Altogether, it seems to me that Iran is a worthwhile market for both capital and consumer goods, with good possibilities of early development.

Opportunities in Iran

R. K. Thomson, Commercial Secretary in Karachi, who is also responsible for Iran, will start a tour of Canada upon completion of his home leave some time in September. His itinerary will soon be published in "Foreign Trade", but in the meantime anyone desiring to see him as a result of particulars given above should write to the Department of Trade and Commerce, Ottawa.

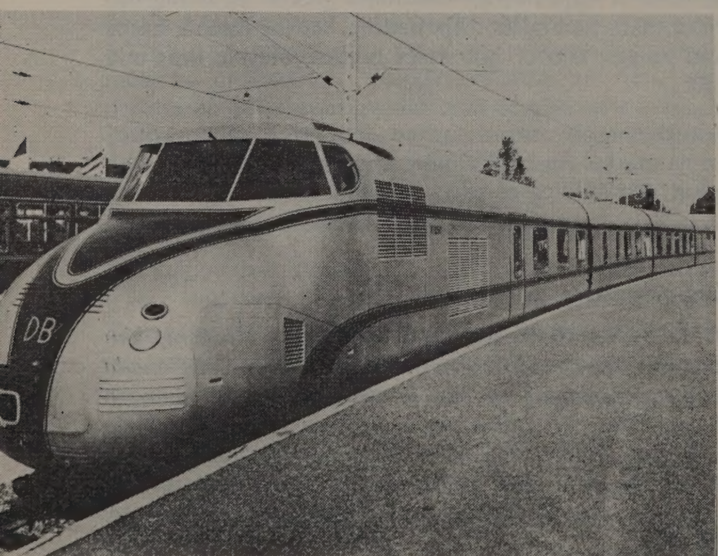
West Germany's Aluminum Industry

Federal Republic has rebuilt aluminum industry to win third place among world producers. Imports still encouraged and unfilled demand for primary ingot from foreign sources for '55 estimated at 20 to 30 thousand tons.

I. V. MACDONALD,
Assistant Commercial Secretary, Bonn.

WEST GERMANY'S ALUMINUM INDUSTRY, the world's largest prewar producer, has literally risen out of the ashes to capture in 1954 third place as an aluminum manufacturer in the Western world, ranking after the United States and Canada. Production of ingot in the Federal Republic increased by more than one-fifth in 1954 over the previous year to reach a total of 129 thousand tons, compared with only 28,000 tons in 1950. However, mounting consumer demand and defence requirements suggest that West Germany will continue to import aluminum for some time to come.

The postwar increase in output of aluminum and aluminum alloys from scrap is also substantial. Production of aluminum from both sources amounted to just over 80,000 tons in 1950 and to approximately 185 thousand tons in 1954. During this period imports of raw aluminum fluctuated from a low of 4,600 tons in 1952 to highs of approximately 16,500 tons in 1953 and 20,500 tons in 1954. Preliminary estimates place this year's production at between 135 thousand and 140 thousand tons. Demand for the same period is put at 156 thousand tons. The low per capita aluminum consumption in West Germany (about five pounds compared with eleven pounds in Canada and twenty pounds in the United States in 1953) suggests possibilities for long-term sales growth.



Scrap imports have risen steadily from 1,600 tons in 1951 to 33,800 tons in the past year and this growing demand should continue.

Electric Power Costs High

One of the factors holding back further expansion of West German aluminum ingot production is the high cost of electrical energy. Sources of hydro power are limited and the use of electricity derived from coal boosts costs, which are exceptionally high compared with the world's other major aluminum producers. For example, the cost of coal-produced electrical power to the state-owned Lippe-Werk in Luenen represents 25 per cent of the production cost. Average cost of electricity to West German smelters is 3 Pfennigs (seven cents) per kwh.

Imports of Ingots

Imports of aluminum are encouraged to a certain extent through a duty-free annual quota which has recently been raised from 6,000 tons to 9,500 tons for the present year. This official move reflects the opinion of members of the trade who are convinced that 1955 will not see any significant change in the firm market of the past few years. Normally the duty on ingot of 12 per cent plus 4 per cent turnover equalization tax

The photograph on the left shows a German-made, multiple-unit train in which aluminum has been used extensively. Growing German production of aluminum still fails to meet the demand of the busy and expanding fabricating industry.

has been a sharp deterrent to imports. On the other hand, secondary aluminum for German remelters enters duty-free.

Canada's interest in the West German market for aluminum ingot and scrap is shown in the following table. Because of the continuing scarcity of this light metal the statistics of West German imports do not measure fully the market possibilities for Canadian aluminum in Western Germany. It is estimated that unfilled demand for primary ingot at present prices during 1955 will reach 20 thousand to 30 thousand tons—or even more if reclaimed aluminum goals cannot be met.

Import of Primary Aluminum into West Germany 1950-1954

(metric tons)

Country	*1954*	*1953*	*1952*	*1951*	*1950*
Canada	3,231·2	3,811·7	2,463·9	4,564·8	. ....
Switzerland	4,530·3	2,931·2	1,647·4	1,920·1	2,222·6
Austria	8,361·3	6,239·1	504·2	2,901·6	1,217·8
United States	384·9	508·2	212·2	5·6	1,300·4
Netherlands	498·4	693·2	118·3	8·2	181·6
France	417·2	225·9	103·7	261	130·1
United Kingdom	948·4	594·7	16·4	....	....
Others	3,231·2	3,811·7	2,463·9	4,564·8	... ...
Total	21,602·9	18,815·7	7,530·0	14,226·1	5,052·5

In addition, Canada sold Germany 372·9 metric tons of aluminum scrap and waste in 1953 and 4,664·4 tons in 1954.

Major German Producers

Virgin aluminum is produced in Western Germany by the government-owned Vereinigte Aluminiumwerke A.G. (United Aluminum Corporation), Bonn, with works in Luenen (Westfalia), Toeging, (Bavaria) and Grevenbroich (near Cologne) and by the Swiss-controlled Aluminum GmbH at Rheinfelden on Lake Constance. The Vereinigte Aluminium-Werke (usually abbreviated to VAW) accounts for more than two-thirds of West German production. VAW maintains subsidiaries in the fabricating industry but sells the major part of its production to independent manufacturers. The foundry capacity of the German industry will probably not be further expanded.

Production of the West German remelting plants—which in 1954 amounted to 55,813 tons—is confined chiefly to aluminum alloys which comprised 54,088 tons of the total.

Germany's share of world aluminum production has decreased considerably compared with prewar. In 1938 she held first place as an aluminum producer with 161,200 metric tons, 27·4 per cent of world output in that year. Her share of consumption was 173 thousand metric tons, or 34 per cent of the world total. Heavy wartime demand promoted a further expansion and a peak of 225 thousand short tons was reached in 1943. (It is interesting to note that the production of aluminum in Canada increased from 83 thousand tons in 1939 to 496 thousand tons in 1943.)

However, Allied bombing and postwar dismantling crippled the industry so seriously that by 1951 Germany's share was only 4·1 per cent (74 thousand metric tons) with consumption at 4·5 per cent.

Recently, however, consumption has been rising rapidly but it has not yet reached the prewar level. It seems probable that the demand for aluminum by the defence industries, including the projected aircraft industry, and the sharply rising standard of living in West Germany, will in the near future push consumption beyond the immediate prewar level if not beyond the wartime peak.

West German Production and Consumption

(metric tons)

	1954	*1953*
Primary aluminum production	129,219	106,940
Production of remelters (excluding remelting of domestic plant waste from first processing step)		
Pure aluminum	1,725	3,840
Aluminum alloys	54,085	38,677
Production of aluminum and aluminum alloys, semis:	130,990	105,355
Of these: conductors	21,532	18,529
Production of aluminum and aluminum alloy castings	61,168	47,538
Total domestic consumption	199,700	153,600

(Source: Metallgesellschaft)

The Fabricating Industry

The West German fabricating industry enjoyed an especially successful year in 1954. Production increased on the average by about 26 per cent and exports were valued at 120 million Deutsche Marks (25 thousand metric tons). The expansion of 28 per cent in the production of aluminum castings was particularly notable in 1954 compared with an expansion of 9 per cent in 1953. The market for aluminum castings in West Germany is closely associated with automobile production, which set all-time records in 1954. Another important consumer of fabricated aluminum products is the packaging industry, which uses about 17 per cent of the foundry output. Aluminum tubes, for example, serve about 90 per cent of the market for this type of product and aluminum foil is rapidly becoming popular in the food-packing industry. West German aluminum fabricators are shielded by a tariff which ranges from 15 per cent in the case of aluminum foil to 20 per cent for aluminum

West German Exports of Semi-Finished Aluminum Products in 1954

(*metric tons*)

	bars, profiles, wire	*sheet*	*foil*	*cans*	*household utensils*	*other n.o.p.*
Belgium	142·2	415·6	425·5	175·5	228·9	249·9
Denmark	129·2	414·4	256	17·3	8·7	60·5
Netherlands	320·6	1,451·4	1,062·7	118·4	237·7	285
Norway	19·7	198·3	52·2	4	9·7	168
Austria	3·5	6·4	30·7	5·2	29·2	37·6
Portugal	37	781·3	19·9	19·4	3·1	126·1
United States	149·5	601·1	388·3	5·7	55·5	639·8
Brazil	46·9	63·1	13·6	....	....	126·8
Venezuela	65·3	219·4	21·6	10·3	34	1,955·8
Greece	241·3	113·4	57·6	5·8	2·5	7
Turkey	184·8	13·2	46	10·1	2	767·8
Others	474·1	2,757·9	3,914·6	773·7	638	3,146·8
Total	1,814·1	7,035·5	6,288·7	1,145·4	1,249·3	7,571·1

cans. In 1952 aluminum consumption was divided among the various industries as follows:

Electrical Industry	24 per cent
Households	18 " "
Transportation	17 " "
Packing (including foil)	16 " "
Machines and apparatus	14 " "
Construction	6 " "
Other	5 " "

Subsidiaries of the Aluminum Company of Canada in the West German fabricating industry are the Aluminiumwerke Nuernberg A.G., producing aluminum castings, chiefly pistons and crankcases for the auto industry, and the Aluminiumwerke Goettingen A.G., which produces household utensils, rolling mill products and extrusions. Modernization and expansion of Alcan's German subsidiaries is planned.

Prices Rising

Prices for foundry aluminum in 1954 in West Germany remained constant at DM223 per hundred kilograms (delivered), protected against lower-priced imports through an import levy of 12 per cent plus a turnover equalization tax of 4 per cent. The independent fabricating industry has raised strong objections to the high West German tariff, believing that the high prices they must pay for aluminum ingot weaken their competitive position in export markets.

Scrap prices in Western Germany rose considerably during the year despite the liberalization of imports of this commodity from the dollar area, and the fact that secondary aluminum enters Germany duty-free. Should the price of scrap (which now exceeds that of primary ingot) continue to rise, it seems probable that the remelters, at present absorbing the greater cost, will demand an increase in the German price for reclaimed aluminum. Of even greater concern to the German industry than the rise in prices for scrap imports is the question of availability. German buyers who have been combing the United States and Canadian market for supplies of aluminum scrap have not been able to cover anticipated requirements. And they fear that the growing shortage of scrap in the North American market may lead to export restrictions similar to those already imposed to check the drain of copper scrap to foreign consumers.

Bauxite Supplies

Like Canada, West Germany depends upon foreign sources for its supplies of bauxite. There are a number of large deposits in Europe but none in the Federal Republic. Immediately before and during the war the bulk of Germany's requirements were obtained from Hungary where the bauxite deposits are said to be the world's largest and richest. Since the Cold War has largely eliminated this source, imports from Yugoslavia and France have been expanded. Germany also buys some from Greece and Indonesia. The other major ingredient in aluminum production, cryolite, is imported from Greenland over Denmark. However, the main source is domestic production of fluorspar, from which artificial cryolite is derived.

Postwar Progress

Since aluminum was first discovered, Germany has contributed significantly to the development of production processes. More recently, German contributions have been made in the field of aluminum alloys; during the war Germany (and the United States) brought out a number of new ones to meet the demands of the aircraft industry for a strong, light, corrosion-resistant metal. In addition, aluminum castings were used in the construction of aircraft engines and duralumin alloys employed in the air-frames themselves.

Postwar progress in aluminum alloy research was delayed by the severe disruption which preceded the currency reform in 1948 and the necessity of concentrating on meeting the basic and more conventional requirements of German consumers. However, with recovery an accomplished fact, the West German industry should once more provide interesting news in the processing and applications of aluminum. ●

General notes

Argentina

POLYVINYL CHLORIDE PLANT—The Interministerial Commission for the investment of foreign capital has approved two proposals made to establish factories to produce the synthetic resin polyvinyl chloride. These proposals were made by Industrias Quimicas Argentinas Duperial S.A. jointly with Imperial Chemical Industries Limited of Great Britain, and by Industrias Patagonicas S.A.C. (Indupa) jointly with La Compagnie des Produits Chimiques et Electrometallurgiques Pechiney of France.

The total investment of foreign capital by both groups is equivalent to 25 million pesos when converted at the free market rate of about 14 pesos per U.S. $1. In addition, the Argentine groups will invest a further 90 million pesos. When they are operating at capacity these factories will produce Argentina's entire needs of polyvinyl chloride—Buenos Aires, July 25.

Australia

IMMIGRATION—The Minister for Immigration announced yesterday that the immigrant intake would rise by 10,000 to 125 thousand in the coming year. The Commonwealth will give assisted passage to 70,000 of the immigrants. This and the natural increase should raise Australia's population of 8,986,873 by about 2·4 per cent. It is hoped that the higher intake of immigrants will mean more labour available in the areas and industries where it is urgently needed—Sydney, July 23.

Brazil

AUTO ASSEMBLY—Maquinas Agricolas Romi Ltda. of Santa Barbara do Oeste, São Paulo, is reported to have signed a contract with ISO of Milan for assembly of the Isetta 10 h.p. car (85 kph). Eighty per cent Brazilian manufacture is expected in three years' time—São Paulo, July 10.

COFFEE BUREAU—Brazil and other coffee-producing countries will increase sales 20 per cent over the previous year, Mr. Alkindar Junqueira, president of the Brazilian Coffee Institute, states in connection with the proposed International Bureau. Mr. Junqueira gives the following reasons for this increase: one, the maintenance of stable prices at a just level which will eliminate steep rises like that of last year which resulted in a disastrous drop in consumption; two, the judicious use of reserve stocks to prevent wide price fluctuations; three, the probability of greatly increased use of coffee in Europe, and four, vigorous publicity and propaganda to increase sales in the U.S. and Canada—São Paulo, July 25.

Federation of Rhodesia and Nyasaland

CENTRAL BANK PLANNED—A Bill detailing proposals for the establishment of the Bank of Rhodesia and Nyasaland will be presented to the Federal Parliament early in 1956 and the new central bank should open its doors by March 1957. It will be completely state-owned and analogous to the Bank of England or Bank of Canada. It will not enter the field of the commercial banks. Its chief function in a developing country will be to ensure that the rate of monetary expansion is consistent with the rate of physical expansion and it will act as banker, agent and adviser to the Federal Government. Once a central bank is established, the creation of an industrial development bank may be considered—Salisbury, July 28.

Greece

ATOMIC ENERGY—An agreement between Greece and the United States provides for co-operation and exchange of information on atomic energy. The U.S. will assist Greece in the design, construction and operation of nuclear reactors and in their use as research, development and engineering tools. It will also lease to Greece up to 6 kilograms (13·2 lb.) of uranium fuel. The agreement further provides for the training of Greek scientists and technicians in the atomic energy field, and the making available of isotopes for scientific and particularly medical research—Athens, July 27.

Japan

POWER—The Japan Power Research Committee, comprising representatives of power companies, government, the Power Development Corporation and heavy industries, estimates Japan's power demand is increasing by 7·8 per cent per year. By 1960 demand will total 58,597 million k.w.h., a 46·6 per cent increase over 1954—Tokyo, July 22.

H. LESLIE BROWN,
Commercial Counsellor, Caracas.

What about the Venezuelan Market?

Can Venezuela continue to buy more foreign goods each year, or will purchases level off? To answer this question, the author analyzes petroleum exports, source of about 95 per cent of its foreign exchange income, and the factors affecting them.

THE WORLD IS WELL AWARE of the vitality of the Venezuelan economy. Traders from every exporting country are constantly increasing their efforts to obtain more business in a market which imported merchandise valued at $823,744,000 in 1954. Though this figure was slightly lower than that of the previous year, nevertheless the upward trend cannot be regarded as over.

The past decade has witnessed a growth of imports from Bs.544·2 million in 1944 to Bs.2,398 million in 1949 and on to Bs.2,745,803,659 in 1954. Since 1949, however, the rate of increase has been less steep. The figure for 1954 was 15 per cent higher than that for 1949 but the latter was 340 per cent more than the value in 1954.

Inevitably the question about prospects for the future arises. Aware that Venezuela's trading strength is still based almost solely on the production and export of petroleum and its derivatives, traders sometimes wonder how long the prosperity can continue.

Exports as a Whole

Venezuelan exports in 1954 topped all previous records, surpassing the peak of 1952 by no less than 17 per cent. Comparison with earlier years shows that the 1954 exports, worth Bs. 5,688 million more (about $1,706 million), were more than 400 per cent higher than the 1944 total of Bs. 1,121·4 million.

To bring the figures home to Canadians, 1954 exports from Venezuela, with a population estimated at 5,689,623, averaged just short of Bs. 1,000 per capita, or about $300. Canadian exports in 1954 (taking the population at 15, 482,000) were about $250 per capita; in the better export year of 1953, the Canadian average was approximately $275 per capita.

The provisional statistics for 1954 do not yet include final details on the value of all products exported. In 1953, when the total was Bs.4,841·7 million, petroleum accounted for Bs.4,552·7 million or more than 94 per cent. The remainder included coffee, Bs.151·3 million (3·1 per cent), iron ore, Bs.56·6 million (1·2 per cent), cacao, Bs.41 million (0·9 per cent), and sundry, Bs.40 million (0·8 per cent). The proportions in 1954 have certainly changed because of increased sales of petroleum and iron ore and a sharp drop in coffee exports, but petroleum probably continues to provide some 94 or 95 per cent of all income from exports.

Petroleum the Keystone

The volume of petroleum and products exported in 1954 was 104,118,000 cubic metres, or 654,902,220 barrels. Within that total, the sale of crude petroleum reached 84,046,000 cubic metres, itself a mark of continued expansion of exports of crude. The remainder is even more noteworthy because it is a direct index of the growth of Venezuelan refining capacity. In 1939 exports of petroleum products came to 1,152,000 cubic metres; by 1949 the figure was 5,912,000. Even that speed of expansion was exceeded in the next year, when exports of refinery products doubled. By 1954 the sales were again doubled and totalled 20,072,000 cubic metres—nearly 20 per cent of aggregate exports of petroleum and its products.

Balance of International Transactions

About a year ago the Banco Central de Venezuela published a study of the country's international transactions during the period 1946 to 1952. A few excerpts will serve to point up the trading strength of Venezuela. These data will also be helpful to those who are curious about the disposition of the very substantial credit balance of exports over imports.

Venezuela—Balance of Payments, 1952

(calculated in millions of U.S. dollars)

Petroleum Industry		
Petroleum exports, f.o.b.	$1,383.87	
Imports for petroleum industry		$179.24
Petroleum transportation and insurance		14.86
Return on petroleum investments, net after taxes		410.21
Other services, petroleum industry		51.87
Net increase of capital	71.04	
Errors and omissions	0.81	
	$1,455.72	$656.18
	656.18	
Net benefit from petroleum exports	$ 799.54	

Other Goods and Services		
Exports of other products, f.o.b.	$ 68.61	
Imports (except for petroleum industry) f.o.b.		$635.12
Transportation and insurance		87.74
Income from investments		15.03
Private remittances		19.14
Direct investments	51.02	
Sundry items, net		162.14
	$ 119.63	$919.17
		119.63
Net costs defrayed from net petroleum income		$799.54

Petroleum and the National Budget

The fact that the petroleum industry is the source of about 95 per cent of Venezuelan earnings of foreign exchange is only part of the story. The Government budget estimates for 1955-56 provide for total income of Bs.2,550 million of which Bs.842 million, or 33 per cent, will be derived directly from contractual obligations of the petroleum companies. The next major source of revenue is income tax, estimated at Bs.680 million—to this the oil companies will contribute an estimated Bs.533·2 million. The Government expects a net revenue of Bs.145 million from exchange profit, originating mainly in the fact that "petroleum dollars" are purchased at $3.09 and sold at about $3.35. These three items make a total of Bs.1,520 million, or nearly 60 per cent of the budget. More elaborate study would bring the proportion to a somewhat higher figure.

Petroleum Reserves

In 1953 Venezuelan oil production was 6·3 per cent of estimated reserves; in 1948 it was 6·4 per cent. During the intervening years the estimate of reserves has increased from 7,644·2 million barrels to 10,152 million and output has grown from 490 million to 644 million barrels. More important is the fact that the Government continues to hold off granting new concessions on what are known to be valuable properties.

Petroleum Export Markets

In discussing Venezuelan exports of petroleum to world markets, it is necessary to include Curaçao and Aruba which refine about half of Venezuela's exports of crude. On the basis of export statistics of the three as a unit, and using the data for 1953, the United States was by far the most important market with 38 per cent of the total. About half of this was crude direct from Venezuela and the remainder was mainly fuel oil.

Other markets are Canada (10 per cent), Brazil (7 per cent), United Kingdom (nearly 5 per cent), Argentina (4 per cent). The substantial remainder of nearly 32 per cent was purchased by many countries.

The outlets are therefore widespread, with the very important exception of the United States. However, because of the growing demand for fuel oil in that country, and because of the United States' substantial financial interest in the petroleum industry of Venezuela, there is adequate basis for confidence that the United States will continue to buy.

The Future

Consequently, as long as petroleum is in world demand and production is competitive, the trading strength of Venezuela will be maintained and may well continue to increase. There may be setbacks if market conditions vary but these should be temporary.

Meanwhile the Government continues to use much of its income to encourage the expansion and diversification of industry and thus to promote an economy which will ultimately not depend on one export.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Bolivia, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland, United States and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Banking Abroad

Venezuela

H. LESLIE BROWN, *Commercial Counsellor, Caracas.*

MODERN BANKING IN VENEZUELA began in the latter part of the nineteenth century. Earlier the country was developing slowly and the modest foreign trade was financed by banking houses in other countries working in conjunction with wealthy Venezuelans. The few Venezuelan banking institutions appear to have had brief lives. For example, the Compañía de Credito was established in 1870 but went out of business in 1876. That year the Banco Caracas (not to be confused with the present bank of the same name) opened for business but was liquidated no less than three times before it finally closed in 1883.

These various institutions were the forerunners of the present Banco de Venezuela, which was established in 1890 and has developed into the leading commercial bank in the country. In so far as it was the successor to the earlier institutions, the Banco de Venezuela is the oldest of the banks. However, the western area of the republic has been served by the Banco de Maracaibo since 1882. The Banco Caracas of today was founded in 1890.

No other banks were set up until after the First World War, when the development of petroleum resources and the consequent surge in income prompted the establishment of two more in the 1920's. Foreign banks had already been attracted by business prospects; the Royal Bank of Canada opened its Venezuelan doors in 1916 and then National City Bank of New York in 1917.

Banking and Imports

In general, banking practices in Venezuela do not differ sufficiently from those of other countries to warrant a detailed analysis. The principal functions and method of operation have been summarized below. However, at least one feature of banking practices affecting imports is noteworthy because it differs fundamentally from procedure in many other countries.

The usual drafts, with varying conditions and terms of payment, are the principal instruments used in paying for imports. (Letters of credit and cash with order are now unusual.) But presentation of sight draft is effected by a Venezuelan custom accepted by all commercial banks: presentation is made to the consignee only after the merchandise has arrived at the port of entry. Calls for payment upon receipt of draft are usually quite useless because the importer will not pay until his customs agent reports the ship's arrival.

Venezuelan law lays down that the consignee becomes the owner of the shipment as soon as the vessel arrives in port because the Government then has a resident firm responsible for any storage or demurrage charges, fines, etc., which may accrue. Most banks refuse to act as sole consignee because of this legal responsibility though some do make exceptions, presumably only when the seller undertakes to assume any liabilities.

Central Bank

The usual functions and powers of a central bank are exercised by the Banco Central de Venezuela. Since December 6, 1940, it has held the sole right to issue paper currency and controls the circulation of coinage issued by the Government. The Venezuelan monetary unit is the bolivar, equivalent to 0·290303 metric grams of fine gold.

The Banco Central acts as financial agent of the Government which holds 50 per cent of the stock. The bank supervises and regulates the national banking system. It also regulates rediscount operations, holds discretionary power in the granting of loans and discounts, and may adjust discount and rediscount rates.

Reserves of gold and sight deposits have exceeded every year so far the legal minimum of 50 per cent of current liabilities including bank notes and deposits. The ratio of gold to notes in circulation is consistently near or over 100 per cent.

The Banco Central regulates the purchase and sale of gold and foreign currency. Foreign exchange profits, over commission, are paid direct to the Government and make up an important item (about 6 per cent) of government revenue. All profits of the Banco Central, after dividends of not more than 7 per cent, also accrue to the Government.

Commercial Banking

The commercial banks in Venezuela give competent services in foreign trade. Apart from the important difference mentioned above, draft collections are as prompt as the financial conditions of the debtor will permit. Correspondence is capably handled and reliable status reports are willingly provided.

Deposit business is conducted by means of current and savings accounts and fixed deposits. The legal maximum rate of interest on deposits is 3 per cent per annum. Deposits in foreign currency may not be accepted in excess of 5 per cent of total deposits.

Cash reserves required to be maintained are 15 per cent against sight deposits and 8 per cent against time deposits, which may not be less than thirty days. Should obligations to the public exceed six times capital and reserves, then cash reserves in local currency must be maintained against 40 per cent of the excess. At least one-third of the minimum legal cash reserve must be deposited with the Banco Central.

Loans and Investments

Commercial banks may not invest more than 10 per cent of capital and reserves in foreign currencies or securities. Loans, on which the legal maximum rate of interest is 1 per cent a month, are limited to terms if less than two years while discounts, rediscounts and advances are restricted to not more than a year. Loans to any one person or entity may not exceed 10 per cent of the paid-up capital and reserves of the bank. However, in the case of loans guaranteed by National Public Debt bonds, and then for not more than 85 per cent of their market value, any person or entity may be loaned up to the equivalent of 15 per cent of the bank's capital and reserves. Direct loans to the State and investment in National Public Debt bonds, in aggregate, may not exceed 50 per cent of capital and reserves.

The following list has its value in conveying a general impression of modern banking in Venezuela and in giving a few pertinent details of the strength and capacity of each institution. It is particularly useful for those interested in examining the large number of banks (10 out of 18) established since 1950. The data on capital and reserves may also be pertinent in view of legal limits on loans. The figures for capital are the paid-up amounts as distinct from registered. In many cases, it will be noted, there is a guarantee fund as well as a reserve fund or legal reserve. The guarantee fund is in addition to the mandatory reserve, is provided out of profits, and is tax-free when it does not exceed 5 per cent of net taxable profit. All these are the reserves, added to paid-up capital, on which deposit and loan percentages are calculated. Finally, the capital and reserve figures have been extracted from the latest balance sheets and the date noted.

Banco de Venezuela—Founded 1890.

Capital, Bs.52,500,000; Reserve Funds, 15,571,000· Guarantee Fund, Bs.18,100,383; (31/3/55). Head Office, Caracas; Branches—Barcelona, Ciudad Bolivar, Maracaibo, Maracay, Puerto Cabello, San Cristóbal, Valencia.

Banco Mercantil y Agricola—Founded 1926.

Capital, Bs.30,000,000; Reserve Fund, Bs.3,968,779; Guarantee Fund, Bs.6,721,818; (30/4/55). Head Office, Caracas; Branches—three in Caracas, one in Valencia.

Banco Union—Founded 1946.

Capital, Bs.26,744,600; Reserve Fund, Legal, Bs.1,278,882; Reserve Fund, Voluntary, Bs.5,000,000; Guarantee Fund, Bs.3,088,386; (30/4/55). Head Office, Caracas; Branches—seven in Caracas and in Los Teques, La Guaira, Maracaibo.

Banco Venezolano de Credito—Founded 1925.

Capital, Bs.30,000,000; Reserve Fund, Bs.3,732,970; Guarantee Fund, Bs.8,000,000; (31/3/55). Head Office and branch in Caracas.

Banco de Maracaibo—Founded 1882.

Capital, Bs.29,363,910; Reserve Fund, Bs.2,482,811; Guarantee Fund, Bs.2,528,334; (30/4/55). Head Office, Maracaibo; Branches—Barquisimeto, Cabimas, Caracas, Ciudad Ojeda, Mene Grande, Punto Fijo, San Cristóbal, Santa Bárbara del Zulia, Valera.

Banco Comercial de Maracaibo—Founded 1916.

Capital, Bs.20,000,000; Reserve Fund, Bs.2,000,000; Guarantee Fund, Bs.1,680,000; (30/9/54). Head Office, Maracaibo; Branches—Lagunillas, Machiques.

Banco Caracas—Founded 1890.

Capital, Bs.20,000,000; Reserve Fund, Bs.5,662,366; Guarantee Fund, Bs.1,945,660; (30/4/55). Head Office, Caracas.

Banco de Carabobo—Founded 1950.

Capital, Bs.3,989,800; Reserve Fund, Bs.63,168; Guarantee Fund, Bs.175,350; (31/12/54). Head Office, Valencia; Branches—Maracay, Villa de Cura, Puerto Cabello. (Affiliated with Banco Venebolano de Crédito.)

Banco Tachira—Founded 1944.

Capital, Bs.3,259,028; Reserve Fund, Bs.250,000; Guarantee Fund, Bs.400,996; (30/4/55). Head Office, San Cristóbal.

Banco Metropolitano—Founded 1952.

Capital, Bs.9,960,000; Reserve Fund, Bs.200,000; Guarantee Fund, Bs.1,200,000; (30/4/55). Head Office, Caracas.

Banco Nacional de Descuento—Founded 1954.

Capital, Bs.15,205,300; Reserve Fund, Bs.22,701; Guarantee Fund, Bs.22,701; (30/4/55). Head Office, Caracas.

Banco de Comercio—Founded 1954.

Capital, Bs.11,818,000; Reserve Fund, Bs.30,461; Guarantee Fund, Bs.30,461; (30/4/55). Head Office, Caracas.

Banco de Lara—Founded 1953.
Capital, Bs.2,000,000. Head Office, Barquisimeto.

Banco Italo-Venezolano—Founded 1952, commenced business 1954.
Capital, Bs.2,000,000. Head Office, Maracay; branch at Valencia.

Banco del Caribe—Founded 1954.
Capital, Bs.2,960,660; Reserve Fund, Bs.350; Guarantee Fund, Bs.350; (30/4/55). Head Office, Puerto Cabello.

Banco Miranda—Founded 1954.
Capital, Bs.4,657,550. Head Office, Petare.

Banco Provincial de Venezuela—Founded 1952.
Capital, Bs.15,000,000; Reserve Fund, Bs.80,079. Head Office, Caracas; Branches—Caracas, Villa de Cura.

Banco de la Guaira—Founded 1955.
Capital, Bs. over 6,000,000. Head Office, La Guaira. Not yet open for business.

Foreign Commercial Banks

The Royal Bank of Canada—Opened 1916.
Local Capital, Bs.4,000,000; Reserves, Bs.4,000,000. Main Office, Caracas; Branches—Maracaibo, Puerto La Cruz, Ciudad Bolivar, with an agency in Puerto Ordaz.

Bank of London and South America—Opened 1936.
Local Capital, Bs.2,600,000; Reserves, Bs.1,400,000. Main Office, Caracas.

First National City Bank of New York—Opened 1917.
Local Capital, Bs.7,500,000; Reserves, Bs.7,500,000. Main office and a branch in Caracas.

Banco Holandes Unido—Opened 1935.
Local Capital, Bs.4,000,000; Reserves, Bs.500,000. Main Office, Caracas; Branch, Maracaibo.

Banco Frances e Italiano Para la America Del Sud—Opened 1950.
Local Capital, Bs.9,000,000; Legal Reserve, Bs.136,653; Special Reserve, Bs.750,000; Guarantee Fund, Bs.126,074; (30/4/55). Main Office, Caracas; Branches—Maracaibo, Puerto La Cruz. (Actually this bank is Venezuelan though affiliated with a foreign concern.)

Government Banks

The Government of Venezuela has set up a number of banking institutions for various forms of development. Although they do not engage in normal commercial banking, they hold an important place in the economy of the country.

Banco Agricola y Pecuario
The Agriculture and Livestock Bank is an autonomous organization attached to the Ministry of Agriculture; it was created by the Government in June 1928. The initial capital was Bs.30,000,000 which has since been raised to Bs.167,000,000. The central office is in Caracas and there are six branches and 79 agencies.

The most important part of the bank's activities is the granting of credits and loans to finance all phases of crop and livestock production, an aid also extended to fisheries. Interest charges are low and terms are fitted to the agricultural cycle. The bank also grants long-term loans on mortgage collateral for the payment of debts, general repairs on farms, construction of fences and roads and purchases of agricultural machinery. During 1954 the B.A.P. granted 2,454 loans totalling Bs.25·6 million for livestock development and Bs.29·6 million for agricultural work.

The bank may purchase machinery, implements, seeds (e.g., seed potatoes) and the like for sale at cost price to farmers. It is also empowered to purchase and import products in short supply in Venezuela and to fix minimum prices of agricultural products. In fact, the bank acts as one of the Government's agents in administering agricultural price supports for coffee, cacao, corn, wheat, cotton, a number of vegetables and livestock. Actually the bank buys and re-sells large quantities of produce and livestock.

Banco Industrial de Venezuela
The Industrial Bank was organized in 1938 with an initial capital of Bs.10,000,000 reportedly soon to be increased to Bs.30,000,000. The central office is in Caracas and there is a branch in La Guaira.

This institution was set up to aid and protect manufacturing industries and mining. It is closely allied with the Corporacíon Venezolana de Fomento, the national development corporation which is one of the Government's main implements in using income from petroleum exports to establish new industries.

Regional Development Banks
In order to decentralize and facilitate the work of encouraging industrial development, the Corporacíon Venezolana de Fomento established four regional banks, named simply Regional Development Banks, in Barquisimeto, Coro, Cumaná and San Cristóbal. The initial capital of each was Bs.5,000,000 of which the Corporacíon provided 52 per cent and the remainder was made available for public subscriptions.

Banco Obrero
The Labour Bank was primarily organized to find a solution for the housing problem of the working classes. Since it was set up on July 18, 1928, it has constructed a total of 16,900 living quarters, including both apartments and houses. Of this total, 7,315 were built in 1951-53 with capacity for 25,758 people. The original capital was Bs.6,000,000 but that has been increased to the present figure of Bs. 300,000,000. ●

The Indian Tea Boom Ends

Record harvests and high prices made tea growers prosperous last year, but 1955 has seen prices gradually decline—a trend accentuated by reports of large current crop and competition from other tea-producing countries.

WM. JONES, *Commercial Secretary, New Delhi.*

THE BOOM in the Indian tea industry which was apparent throughout last year continued for the first few months of 1955 and prices then began to decline. Production went up to a record 636 million pounds during 1954: North Indian gardens produced 511 million pounds compared with 487 million in the previous year, and South Indian gardens 128 million pounds compared with 122 million in 1953.

Domestic and Foreign Markets

Export earnings of tea during 1954 reached Rs.1,309 million, an increase of Rs.287 million over the preceding year. The increase in value, however, came from higher prices because the total amount of tea exported was 449 million pounds, or 51 million pounds less than in 1953. Exports to the United States were valued at Rs.98 million, compared with Rs.61 million in the previous year. The U.S. has become an increasingly important market for Indian tea and India has replaced Ceylon as the leading supplier. Of a total of 115,714,908 pounds of tea imported by the United States last year, India supplied nearly 41 million. Canada in 1954 bought nearly 20 million pounds of Indian tea out of total imports of 44·9 million pounds. Canadian purchases of Indian tea in 1953 were slightly higher—21·1 million pounds.

Domestic consumption increased from 108 million pounds in 1953 to 185 million in 1954, a result partly of promotion by the industry and partly of the improved standard of living.

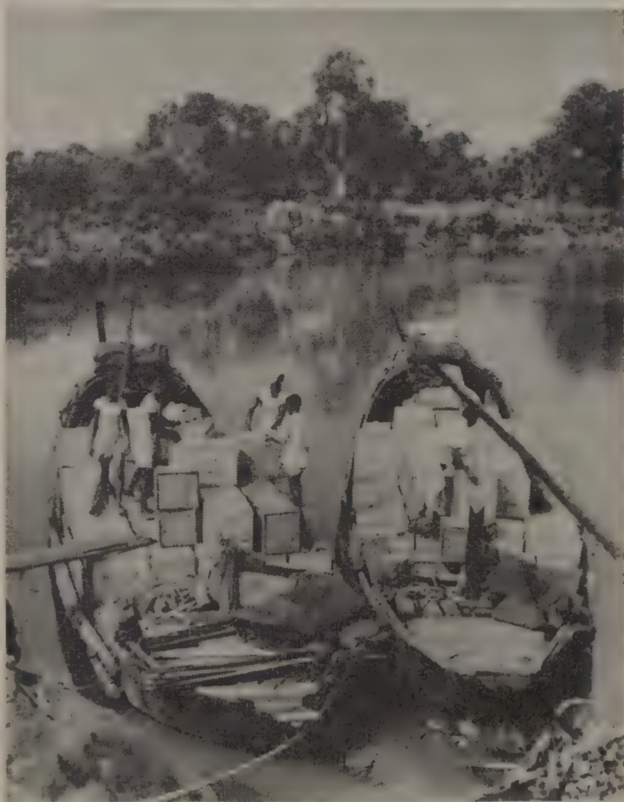
The Tea Agreement

India participated in the 1950-55 International Tea Agreement which regulated the production and export of tea in India, Pakistan, Ceylon and Indonesia until it expired on March 31, 1955. Under the Agreement, each of the participating countries had an export quota and they could sell abroad only a limited amount above that quota. India, for example, was not permitted to exceed 135 per cent of its quota, or 437 million pounds, in 1953-54. During 1954, the quota was raised gradually to meet increased world demand and at the beginning of this year stood at about 145 per cent, or 468·8 million pounds.

It seems doubtful whether any of the previous participants will be eager to enter into a new Agreement (with the possible exception of Indonesia) unless the restrictions on new plantings and on exports are waived, the limits are substantially increased, or it proves possible to obtain the adherence of East African producers.

Changes in Export Duty

Since 1947, the Indian export duty on tea had remained unchanged at four annas a pound. However, prices improved steadily throughout 1953 and 1954 after the depression of 1952. By October 1954, the Indian



In Assam, one of the important North Indian tea producers, the rivers serve as a convenient form of transportation. Here Assam tea chests are being loaded on river boats.

Government evidently felt that some of the large profits should be diverted to the exchequer. Accordingly, the export duty was raised to seven annas a pound and at the beginning of this year to ten annas. The reason given for these increases was that they would offset any tendency of the increased export quota to induce higher domestic prices. •

Prices remained high throughout 1954. The average price per pound of North Indian tea, 43·17 pence (d sterling) in 1953 rose to 64·30 pence in 1954. The highest price reached during that year was 83·22 pence, an all-time record. Production figures for the first four months of this year, however, indicated that the North Indian crop was 25 per cent larger than at the same time last year and South India also reported an unusually good crop. This, plus competition from other tea-producing countries, has started the prices of Indian teas on a gradual decline.

In mid-April, the Government suddenly announced a reduction in export duty to eight annas and on June 1 to four annas, as a means of encouraging exports and assisting the industry. However, attempts are being made to restrict the output of leaf to conform more closely to the probable demand. This will improve quality as well as help to prevent a steep decline in prices. Last year's boom led to the marketing of low-grade teas which would be practically unsaleable except during a period of great demand.

Varies with Export Price

On April 1, the beginning of the present financial year, the fixing of export duty was related directly to the prevailing export price. The duty is to vary according to the following schedule:

Export Price	*Duty per lb.*
Up to Rs. 2.8.0.	4 annas
Between Rs. 2.8.0. and Rs. 3.4.0.	6 "
Between Rs. 3.4.0. and Rs. 4.0.0.	8 "
Between Rs. 4.0.0. and Rs. 4.12.0.	10 "
Above Rs. 4.12.0.	12 "

The Government announces at the beginning of every month what is, in its opinion, the prevailing export price of tea, on the basis of the average price at the London auctions during the preceding month. For July, the price was estimated at Rs. 2.6.5. per pound which meant that there was no change in the duty. On July 31st, the price for August was estimated at Rs. 2.9.9 per pound, which means that the prevailing duty in August will be six annas per pound.

The labour situation in South India is satisfactory but there has been slight and spasmodic unrest on the northern estates. Towards the end of June, a localized strike which is still continuing occurred in 19 gardens in the Darjeeling hill tracts. The area contains 99 gardens. The strike has been declared illegal by the West Bengal Government because the demands put forward are currently being considered by an industrial tribunal.

The Government of India takes a great interest in the tea plantations. The charge is sometimes made that "sweated labour" conditions prevail and that, because the workers are unorganized, they are cut off from the benefits enjoyed by urban labour. To refute these charges, the president of an important South Indian planters' association recently made a statement to the effect that the birth rate on estates is double the all-India average and the death rate considerably less. Most of the estates provide schools, medical facilities and other amenities for their workers, plus bonuses in years of high profits. On the whole, it can be safely stated that the standard of living of the 1·1 million employees of this industry (more than India's jute and cotton textile industries combined) is improving at a rate commensurate with that of the rest of the population.

Next to jute, tea is India's most important earner of foreign exchange. The capital invested totals Rs.730 million, only slightly less than that invested in the jute industry. Tea is the most important commodity in which the export trade is still largely in British hands; the share of Indian capital is less than 20 per cent.

Sulphur Supply

Production of Canadian sulphur in all forms decreased from a record high of 428 thousand short tons in 1952 to 349·9 thousand short tons in 1953. This was due mainly to a decrease in the amount of by-product pyrites shipped by the major producers of western Quebec. However, this localized decline has had little effect on the gradual upward trend in world sulphur production. During 1953 consumers on this continent and elsewhere who had been on allocation were able to secure their full requirements of elemental sulphur, thanks to several factors. Increased recovery of sulphur from native sulphur deposits, pyrites, "sour" natural gases, refining gases, smelter gases and sulphate minerals such as anhydrite have all helped to alleviate the strain on Frasch-mined sulphur from salt dome deposits on the Gulf Coast. Further improvement is expected with the production from two new salt dome mines in Louisiana and Texas.

Markets for Canadian Cheese

The United Kingdom—*Prospects are that sales of Canadian cheddar in British market will not reach prewar level. But there should be sales of a maximum of 15 million pounds a year, if quality is maintained and Canadian producers are able to keep price and supply stable.*

THE PER CAPITA CONSUMPTION of cheese in the United Kingdom (9·3 pounds) is exceeded in eight other countries. But Britain still imports more cheese than any other and probably ranks fourth in the total amount consumed.

In 1938, total supplies of cheese—excluding beginning and year-end stocks—amounted to 421 million pounds. Of this, 96 million pounds were produced in the United Kingdom and the remainder was imported. Imports during 1938 included 37 million pounds of fancy cheese such as camembert, gouda and gorgonzola.

By far the greater portion of the cheese supplies was made up of cheddar. Of the home production of 96 million pounds, about 40 million pounds were of the cheddar and dunlop type. Imports from Canada, Australia, New Zealand and South Africa, totalling 288 million pounds, consisted entirely of cheddar.

Just over 12 per cent of the total cheddar supplies were provided by domestic production. New Zealand, then as now, was the largest foreign supplier, shipping about 64 per cent of the total imported in 1938, or 184 million pounds. Canada shipped nearly 76 million pounds, or about 26 per cent of the total.

Prewar Pattern of Cheese Supplies

HOME PRODUCTION	*Million lb.*	*IMPORTS*	*Million lb.*
Factory:			
Cheddar and dunlop	29·1	Canada	75·9
Cheshire	20·6	Australia	26·5
		New Zealand	183·6
		South Africa	2·4
Lancashire, Leicestershire, Wensleydale, etc.	12·9		288·4
Stilton	4·1	Home-produced	95·8
		Imported cheddar	288·4
	66·7	Imported fancy	36·9
Farmhouse:			
Cheddar and dunlop	10·8		
Cheshire	14·3		
Other types	4·0		
	29·1		
Total home production	95·8	Total supply	421·1

During the war years, the emphasis was on imports, with home production declining to a low of 40·3 million pounds in 1944. Imports fluctuated considerably during this period, reaching a peak of 431·9 million pounds in 1942. Supplies from Canada increased substantially over prewar and touched a high of 131·1 million pounds in 1945, or 40 per cent of the total imports in that year.

The Postwar Years

Home production of cheese rose in both 1945 and 1946 but declined rather sharply in 1947 to just under 36 million pounds, the lowest figure of the decade. However, with the gradual rehabilitation of grassland and easier supplies of feedingstuffs, milk production expanded consistently during the postwar years. In 1951 liquid consumption began to fall and with production continuing to rise, the problem of disposing of the surplus for manufacturing increased. By 1953 home production of cheese reached a peak of 197·2 million pounds—or more than double the 1938 figure. It declined in 1954, however, to 182·9 million pounds because more profitable outlets for manufacturing milk were developed, such as chocolate crumb and butter. From 1951 to 1954 home production of cheddar increased from 37·8 to 91·8 million pounds and cheshire from 42·4 to 71·6 million pounds.

Fall in Imports

Imports of cheddar in the postwar years have not been maintained at the wartime levels, partly because of the increase in home production but also because of the decline in purchases from Canada brought about by the dollar shortage. Imports from Canada declined from 131 million pounds in 1945 to just over four million pounds in 1954.

The last purchase in Canada made by the Ministry of Food was in the latter part of 1953. In 1954 imports from North America were restored to private trade and a quota of £1½ million was established for the year beginning July 1, 1954. A similar quota has been established for this year.

Postwar Supplies of Cheese

HOME PRODUCTION *Million lb.*	*1947*	*1948*	*1949*	*1950*	*1951*	*1952*	*1953*	*1954*
Factory cheese:								
Cheddar and dunlop	....	....	....	....	34·6	62·9	98·6	87·5
Cheshire	....	....	....	....	40·6	45·4	74·6	68·4
Derbyshire } Lancs. etc. }	....	....	....	....	6·3	6·0	12·8	15·9
Stilton	....	....	....	....	1·8	2·5	3·6	3·5
Total	....	....	....	....	83·3	116·8	189·6	175·3
Farmhouse cheese:								
Cheddar and dunlop	....	....	....	....	3·2	4·5	4·3	4·3
Cheshire	....	....	....	....	1·8	2·3	3·0	3·2
Derbyshire } Lancs. etc. }	....	....	....	....	·3	·3	·3	·1
Stilton	....	....	....	....	....	....	....	....
Total	....	....	....	....	5·3	7·1	7·6	7·6
Total home-produced cheese	35·8	59·3	73·9	123·2	88·6	123·9	197·2	182·9
IMPORTS								
Canada	51·4	36·2	49·1	57·9	26·3	....	14·1	4·2
New Zealand	185·2	186·0	210·6	179·8	219·7	190·1	204·0	203·9
Australia	35·6	40·5	43·6	36·2	32·7	33·2	39·2	39·7
South Africa	....	....	... ...	....	....	....	....	2·2
Eire	....	2·1	2·9	1·0	·8	2·9	1·2	·3
Total imports	272·2	264·8	306·2	274·9	279·5	226·2	258·5	250·3
TOTAL SUPPLIES:								
Cheddar, Cheshire, Stilton, etc.	308·0	324·1	380·1	398·1	368·1	350·1	455·7	433·2
Imported fancy cheeses	21·7	29·4	77·6	52·6	72·8	79·8	68·0	44·8

The rationing of cheese, butter and fats ended in May 1954, after the prices were raised by the elimination of consumer subsidies. Previously, cheese rationing had only been nominal so that freedom made little impact on the consumer. The bulk contracts operated by the Ministry with New Zealand and Australia continued, although subsequently New Zealand agreed to terminate its contract one year earlier than scheduled, in July 1954, and Australia at the end of June 1955. With home producers still obliged to sell their produce to the Ministry until the end of September 1954, in the few months of freedom the market remained relatively unchanged, although the Ministry held heavy stocks.

Steady Canadian Prices

These stocks were offered on the free wholesale market initially at about 180/– per 112 lb. for English factory cheddar, first-grade New Zealand and Australian first-grade ($22.09 per 100 lb.). In the summer, however, prices began to go down and Australian was reduced to 165/– per 112 lb. ($20.25 per 100 lb.). At that time Canadian cheddar, privately imported, was fetching 252/– per 112 lb. ($30.93 per 100 lb.). The Australian subsequently moved down to 150/– ($18.31).

In the fall, released from their obligation, English producers offered farm cheddar at 210/– per 112 lb. ($25.77 per 100 lb.) while the Canadian prices rose firmly to 256/– ($31.43). At this time privately imported cheese from New Zealand appeared in competition with the supplies offered from the Ministry's stocks. These were offered at 170/– per 112 lb. ($20.86 per 100 lb.); the Ministry's price dropped to 160/– ($19.64). By the end of March 1955, much of the stock held by the Ministry of Food had been liquidated.

In the free market, Canadian premium prices have been consistently maintained since derationing, reflecting the steadily increasing confidence of the trade. Steady retail sales are being made at 2/8d. per lb. (37 cents) in competition with other cheddars at 2/4d. for home produced (32 cents) and 1/8d. for New Zealand produce (23 cents). Some wine matured and black rind varieties are also finding a steady outlet in

the higher class department stores of London; these are selling at between 4/4d. and 6/– per lb. (60 to 83 cents).

Development of Taste for Varieties

At the end of the first year of derationing, with the disappearance of most of the Ministry of Food's stocks (except Australian) and complete freedom for home producers from the end of September 1954, the full range of prewar varieties is now available to the consumer. A generation which has not known such a situation will make its choice uninfluenced by prewar experience. Retailers are to an increasing extent showing the countries of origin of the various cheese, plus the variety of cheddar, to stimulate consumption.

The marked preference for cheddar in Britain is reflected in the statistics of imports of fancy cheese since the war. Shortly after the war ended, currency was made available for imports from the Continent to supplement the inadequate cheddar ration. Increasing quantities were imported until 1953, when total supplies of cheddar rose considerably as a result of home production. Since that time, however, total imports of fancy varieties have fallen and from the evidence of price trends on the wholesale and retail markets, demand for these has weakened.

Outlook for Sales

The past twelve months have seen several Ministerial expressions of concern over the increasing production of milk. Increased efficiency and larger dairy herds have nullified the "disincentives" which have been applied and so far there appears to be no way of stopping the trend; active measures to raise liquid consumption have not met with much success. Unless the next agricultural census shows that some of the dairy herds have been depleted as a result of the strong demand for home-killed meat, it appears that milk production will continue to increase in 1955, with a greater surplus available for manufacture. Although home cheese production declined slightly last year, there may be a larger take-up this year in anticipation of tastes for varieties.

Canadian cheese is bringing a premium of 110/– per 112 lb. over New Zealand and 30/– per 112 lb. over Scottish on the London Provision Exchange and sells at the same price as cheshire. It is doing this solely on the grounds of quality and the confidence of the trade, both in stability of price and guarantee of quality. Canadian can only continue to claim a share of the British market if the quality and stability both of supply and price are maintained.

There is no prospect of imports of Canadian reaching their prewar level unless they are competitive with New Zealand. That would mean approximately 1/5d. (19 cents) per pound wholesale on the London Provision Exchange. As this is manifestly impossible from the Canadian producers' point of view, Canada should aim at the marketing of a smaller quantity of a top quality product for which there is a potential market of somewhere between 12 and 15 million lb. Canadian imports are virtually the only source of matured cheddar made from unpasteurized milk. Depending on the size of the total U.K. production, there will be seasonal variations in the demand for the Canadian product. The maximum of about 15 million lb. will not be reached easily, but the experience of the past few months is encouraging. Those who said that the British housewife would not pay 1/– per lb. premium for a matured product have been confounded and Canadian sales have demonstrated that the United Kingdom is now, as before the war, receptive to quality produce.

D. A. B. MARSHALL,
Commercial Secretary (Agriculture), London.

Venezuela—*Canada could increase its small share of this excellent market for cheese; obstacles in the way are today disappearing.*

THE DISPLAY COUNTERS of Venezuela are currently exhibiting some 20 varieties of cheese from at least 12 different countries—as far apart as Australia and Italy or Argentina and Sweden. During 1954 cheese imports reached a record high of 11·5 million pounds valued at $3·8 million. The figures in themselves are not large but, compared with average prewar imports of 1·2 million pounds, point up a rapidly growing market. The Netherlands was the leading supplier with 55 per cent of the market, Argentina supplied 22 per cent and the United States came third with 10 per cent.

Venezuelan Imports of Cheese by Sources

Country	*1954 (lb.)*	*1953 (lb.)*
Netherlands	6,425,300	5,575,700
Argentina	2,525,600	2,178,000
United States	1,164,700	1,087,700
Italy	739,200	621,300
Denmark	399,300	210,100
CANADA	12,500	25,100
Other	300,100	339,500
Total	11,566,700	10,037,400

It is the wide popularity of the Dutch Gouda cheese, with its cheddar texture and mild flavour, that makes the Netherlands the principal Venezuelan supplier. Argentina and Italy satisfy between them almost the entire demand for Parmesan, the second most popular cheese, known also as Sbrinz in Argentina. Denmark, with a wide variety of sharp-flavoured cheeses, and the United States, with a range of processed cheeses, complete the import requirements of the Venezuelan market.

In 1953 cheddar cheese shipments to Venezuela from the United States were valued at $120 thousand and processed cheese at $400 thousand. By comparison, Canadian cheese shipments had a total value of only $8,600 in the same year.

Canada's small share of the market is the result of a number of factors—lack of refrigerated shipping from Canadian ports, the high cost of less-than-carload-lot shipments, the lack of established brand names or associated branded products to share market introduction costs, the premium on Canadian currency, and the reluctance of many exporters to sell on other than cash-in-advance terms.

A solution to some of these problems is in sight. The dollar is closer to par; two shipping lines plan to provide refrigerated space in their scheduled direct sailings from Canada; re-handling charges will be eliminated and small shipments will become more economic.

Canadian Prospects Limited

Although this will improve the Canadian competitive position, it will still not be easy to increase sales. Several American brands of cheese are well established and supported by advertising. Price competition will be severe and will leave only a small margin for the high introductory costs and agents' fees. Sight draft quotations will be essential.

Despite these difficulties, the Venezuelan market deserves careful consideration. Cheese imports already exceed $4 million a year and each year the variety and value increases. There are no exchange problems and no import licences are required. Canada may never obtain the bulk of the trade but certainly could increase its small current sales.

—D. B. LAUGHTON,
Acting Agricultural Secretary, Caracas.

Cuba's Development Plans

Three hundred and fifty million pesos will be spent on Cuba's plan for economic and social development.

G. A. BROWNE, *Commercial Secretary, Havana.*

GOVERNMENT DEVELOPMENT PLANS are commonplace these days but Cuba's blueprint is distinguished by its broad scope and the relatively large sums to be spent. Law Decree 1589 of August 4, 1954, emphasizes the need for economic diversification, development of agriculture, mines and fisheries, and provision of new sources of employment. All these measures will help to remedy the chronic ills which have resulted from too great a dependence on the seasonal sugar industry. The law proposes that the country's savings be dedicated to a "Plan for Economic and Social Development".

The plan includes public works of general interest; creation of productive activities in industry and agriculture; improvement and dredging of harbours; construction of aqueducts and sewerage systems; repair of the central highway and roads and construction of new roads; building of low-cost housing, schools, and hospitals; improvement and modernization of public communications; irrigation and reforestation measures; acquisition of machinery for agricultural diversification, and a modernized system of garbage disposal.

Development Organization Formed

To carry out these projects, a Fund for Economic and Social Development was created, to be governed by a committee. This fund will be provided by bond issues which are not to exceed the amount which can be amortized in 30 years at 4 per cent and, in any event, not to pass 350 million pesos. The bonds may be issued from time to time within four years from the promulgation of the law decree, as needs require.

The issue of the first 100 million pesos of bonds was authorized by Decree No. 2949 of September 23, 1954.

Since then, for administrative and other reasons, the Fund has been converted to a Bank for Economic and Social Development (BANDES), managed for the time being by the President of the National Bank.

To indicate the importance of BANDES and the $350 million loan to the Cuban economy and their relationship to the country's fiscal and monetary structure, the following table gives a rough comparison of what a scheme of similar proportions would mean to Canada in terms of national revenue, existing public debt, and gross national product (figures are estimates for 1954):

	CUBA	*CANADA*
	(millions)	
Population	6·1	15·4
Budget revenue	262	7,026
Public debt	400	14,850
Gross national product	2,070*	24,985
BANDES	350	.....
Per cent of G.N.P.	17 per cent	4,070

* 1953

In relative terms, BANDES' impact on the Cuban economy would compare with a Canadian federal public works program totalling about $4 billion, or the equivalent of the sums invested in the Seaway, Kitimat, Quebec-Labrador iron ore, Steep Rock and the Trans-Canada pipeline.

Plans for Agriculture and Mining

Autonomous subsidiary agencies have also been organized to implement various phases of the plan. Notable among them is the Comisiòn Executive Nacional de Cooperativas Agricolas y Mineras (CENCAM). CENCAM is charged with the establishment of irrigation stations; plants and silos for drying and storing domestic rice and other agricultural products; construction of mineral concentration plants, and the development of modern mechanical techniques in agriculture and mining.

Irrigation—The CENCAM project is expected to improve the value and productivity of thousands of small Cuban farms by giving them irrigation. The installation of over 150 deep-well pumping stations throughout the six provinces is planned. Farmers in the co-operatives drawing water from these pumping stations will defray the cost of installation and operation on an acreage-fee basis.

Rice Dryers and Silos—In recent years, rice production in Cuba has outstripped the facilities for processing and storage. Because of the considerable investment needed, only large operators have been able to install modern dryers and silos; the small grower needs protection against ruinous prices and the total loss of his crop. CENCAM will set up a central station in each of the six provinces to provide groups of these small growers, on a co-operative basis, with modern equipment such as tractors, graders, ploughs, harrows, seeders, cultivators, fertilizers and harvester combines, and drying and storage stations capable of handling up to 150 thousand hundredweight of dry rice a year, with storage capacity for double this amount.

Mining—Cuba has large and valuable deposits of nickel and cobalt-bearing ores. The most important of these concentrations have been marked out and are under contract to the United States General Services Administration for the U.S. stockpile program. (See article in *Foreign Trade* of July 23, 1955.) Cuba's other mineral resources, in order of economic importance (copper excluded), are manganese, iron, chrome, tungsten and lead; exports of these in the first eleven months of 1954 were valued at:

	Metric tons	*Value*
Nickel	16,251	$11,023,404
Copper	83,989	7,581,600
Manganese	212,940	6,296,011
Iron	76,392	1,078,658
Chrome	3,458	47,661
Others	17,515	585,464
		$26,612,798

Most of these metals are mined by large enterprises working in the more important fields. Extensive reserves of these ores are found in scattered deposits but they are of lower grade and of marginal or submarginal value. Their extraction and transport in unconcentrated form to the U.S. and overseas markets would be uneconomical.

CENCAM's proposal to establish two heavy-media concentration plants as an initial step—with the possibility of later going into a flotation process, if warranted—would provide new, important employment in these mining areas and could double the annual value of Cuba's mineral exports. These concentration plants would presumably be located close to the ore supplies.

Petroleum Exploration

Cuba welcomes the investment of foreign capital in the current race to develop its oil reserves. However, a considerable part of the country's present exploration investment is in U.S. drilling equipment and a number of its drilling contracts include a percentage of stock ownership. Some of this immediate and potential outflow of capital would be avoided if the Cuban petroleum companies could lease drilling equipment from CENCAM. To fill this need and to encourage greater domestic exploration, CENCAM is considering the purchase of a number of rotary rigs, tubular goods and other related equipment.

Law Decree 3440 of November 17, 1954, authorized the allocation of $6 million to CENCAM from the Fund for Economic and Social Development to finance its organization, operations and purchase of equipment. Under its co-operative system and with the revenues from the use of its resources, CENCAM should have no difficulty in recovering this investment in due course.

commodity notes

Brazil

ALLOY STEEL—The largest rotary electric furnace ever assembled in South America has begun the production of alloy steels at the Ouro Preto plant of Cia. Eletroquimica Brasileira in Minas Gerais. It is expected that the 6,000 kw. unit will increase substantially Brazil's present output of alloy steels. Cia. Eletroquimica Brasileira is a subsidiary of the Aluminum Company of Canada—São Paulo, July 22.

Cuba

RADIOACTIVE MINERALS—Late July brought the filing of five uranium claims in western Cuba, together with rumours of other radioactive mineral discoveries in other areas of the island. The simultaneous amendment of Cuban mining legislation to give the Government control of all radioactive minerals has signalled an important step in Cuban mining and economic development—Havana, July 22.

PURE-BRED CATTLE—The Cuban Ministry of Agriculture has announced approval of the import of more than 1,000 head of pure-bred cattle and swine. Principal breeds of dairy cattle to be imported are Holstein-Friesian and Brown Swiss; the swine imports will be Hampshires—Havana, July 29.

Denmark

COAL AND STEEL—Negotiations on the formation of a joint Scandinavian steel market are in their initial stages and, if successful, such a union might be broadened to include coal as well. These developments result from the fact that Denmark has been paying about 7 per cent more for its coal and steel than member countries of the European Coal and Steel Community, which supplies half of Denmark's steel and one-quarter of its coal—Copenhagen, July 15.

Italy

SULPHUR—In an attempt to revive the export of sulphur from Italy, the Italian Sulphur Organization has announced that the Council of Corporation (a government-controlled body directing the production, sale and export of sulphur in Italy) has decided to grant a rebate of Lire 11,000 ($17.46) per ton on every ton of sulphur produced and exported. Exports during the first three months of 1955 amounted to only 50 tons, compared with 624 tons during the similar period of the previous year. It is hoped that with added incentive the industry, which has been in the throes of a depression, may be stimulated to greater activity—Rome, July 20.

Mexico

SUGAR—With most Mexican mills still in operation, production of sugar from the 1954-55 cane crop reached 800 thousand metric tons in the first week of June. Production will total 850 thousand tons, the Union of Sugar Producers announced, and will be increased to one million tons a year by 1957—Mexico, D.F., July 20.

Netherlands

ELECTRONICS—In 1954 Netherlands foreign shipments of electronic material were worth over 600 million guilders—or more than 6½ per cent of the country's total exports and about 10 per cent of industrial exports. Compared with 1953, electro-technical exports last year rose by more than 25 per cent in value, almost double the rise in the value of total foreign shipments—The Hague, Aug. 2.

Norway

CANNED GOODS—As a result of shortages of raw materials, production figures for all branches of the canning industry declined in 1954 compared with a so-called normal year. Stocks of canned fish and fish products on hand from the previous year (1953) were sufficiently large, however, to bring the total exports of canned goods up to 34,625 tons, compared with 27,490 tons in 1953 (a particularly poor year) and 35,357 tons in the good year 1951. About 97 per cent of Norway's exports of canned goods consist of fish and shellfish and their products. Abolition of certain regulations on the import of canned fish into Great Britain and other Commonwealth countries also contributed towards this increase but the United States continued to be Norway's largest customer. —Oslo, July 24.

South Africa

POTATOES—A recent report of the Potato Board, the marketing agency in the Union, points out the disparities in production from province to province.

Major growers in the Transvaal Louveld reached 71 bags (of 150 lb.) to the acre; the Orange Free State producers grew only 52 bags per acre. Both of these yields are well above the general average throughout the Union. All four provinces grow potatoes, with the Transvaal supplying 59 per cent of the total crop and new stocks are available from some sector in almost any season. During the season 1953-54 growers shipped potatoes valued at £290 thousand, largely to other African countries—Johannesburg, July 24.

United Kingdom

STEEL—In spite of difficulties caused by the railway and dock strikes during June, United Kingdom production of crude steel for the first half of 1955, at 10,074,600 tons, achieved a new record. Output in the comparable period of 1954 was 9,524,200 tons.

However, steel production during June was at a weekly rate of 364,200 tons compared with 401,600 tons in May and 371,700 tons in June last year. The Iron and Steel Board has announced that there is still a prospect of producing 19·5 million ingot tons of steel during 1955, one million tons more than in 1954—London, July 22.

OIL—Oil consumption in Britain in the first quarter of 1955 totalled 5·8 million tons, almost 14 per cent higher than in the corresponding period of 1954. The major part of this increase has been contributed by industrial products, diesel and fuel oil. Consumption of these "black" oils increased 21 per cent between the first quarters of 1954 and 1955. This reflects the rapid shift which is taking place in British industry, particularly the steel industry, from coal to oil for energy purposes.
Consumption of gasoline has increased only 3·8 per cent in 1955. This unbalanced rate of growth in the petroleum industry is resulting in uneconomic use of British refinery capacity—London, June 28.

United States

HIGH FIDELITY PORTABLE RADIO—A Boston firm is producing a new high-fidelity, FM portable radio smaller than a package of cigarettes. It has a hearing aid type of earphone for privacy. The makers say that it can be used in places where ordinary portable radios will not operate—Boston, July 28.

LETTUCE WRAPPER—A Massachusetts firm has developed a lettuce wrapping machine capable of turning out 60 heads of lettuce a minute. It folds cellophane over each head, heat-seals it, prints the brand name on the package and perforates it for ventilation—Boston, July 22.

Venezuela

FOOD—In 1954 Venezuela spent about $121,873,000 (Bs.406,285,000) on the import of 461,718 metric tons of foods, feeds and beverages. These substantial figures represent 22·8 per cent of the volume of all imports and 14·8 per cent of the value, and show a marked increase over the 1953 figures of 449,813 metric tons valued at Bs.392,909,000. The Government is actively stimulating domestic production but Venezuela will probably be an importer of foods and feeds for many years to come.
Canadian statistics on trade with Venezuela show food exports exceeding $18 million, or about 60 per cent of all Canadian exports to this country in 1954. Canada is supplying approximately one-sixth of Venezuelan food imports. According to Canadian data, the principal food items exported to Venezuela in 1954 were: wheat flour, $10,540,000; processed milk, $3,648,745; eggs, $1,396,199; oats, rolled and grain, $852,900; potatoes, seed and table, $843,005; malt, $152,368; bacon and ham, $124,789; wheat and offals, $115,709; fresh fruit, $83,066; canned and other fish, $65,135; alcoholic beverages, $59,246, and some lesser items—Caracas, July 19.

West Germany

CHEMICALS—Just over 61 per cent of West Germany's chemical exports in 1954, valued at DM2·98 billion, went to European countries (1953: 59·5 per cent). Overseas exports showed a drop from 40·5 per cent in 1953 to 38·8 per cent in 1954 and declined especially in trade with North and Central American countries. The United States alone cut its chemical imports from West Germany by about one-third to DM136 million. Asian countries, however, took a total of DM471 million (1953: DM359 million) and increased their share from 15·5 to 16 per cent, despite the fact that Japan purchased only DM67·5 million of German chemicals (1953: DM72 million)—Bonn, July 29.

AUTOMOBILES—The West German automobile industry experienced a boom during the first quarter of 1955. According to the Federal Statistical Office, exports of motor vehicles were valued at DM606 million during the first quarter of 1955 compared with DM377 million during the same period of 1954 and DM249 million during the first quarter of 1953. However, as a result of liberalized import regulations, the value of automobiles imported increased to nearly DM23 million as against DM9 million during the same periods in 1954 and 1953. There thus remains a foreign trade surplus on automobiles of some DM583 million for the first quarter of 1955 compared with DM368 million and DM240 million in the first quarters of 1954 and 1953 respectively—Bonn, Aug. 1.

Brazil Auctions Foreign Exchange

G. F. OSBALDESTON, *Vice Consul and Assistant Trade Commissioner, São Paulo.*

System of auctioning foreign exchange available for imports on the public stock exchanges has been in force for almost two years. Here is an analysis of how the auctions work and of how they are affecting Canadian exporters.

CANADIAN EXPORTS TO BRAZIL during the first five months of 1955 have fallen to $5,839,147 from last year's figure of $25,040,812. Many factors have contributed to this decline, such as increased industrialization and greater competition from European producers and Japan. But the major cause is the lack of dollar exchange available for imports—a lack that can be traced directly to the drop in coffee sales to the United States. In 1952 Brazil shipped 9·4 million sacks of coffee to the United States; in 1953 this figure fell to 9·0 million and in 1954 plunged to 5·7 million sacks. Canadian purchases fell from 320 thousand sacks in 1953 to 230 thousand sacks in 1954. Brazilian receipts in dollars from all exports in 1952 and 1953 averaged $65 million per month. In the months of May to August 1954 they dropped to less than $30 million per month and the situation did not improve during the first half of 1955.

How Auctions Work

Since October 1953, foreign exchange available for general imports has been put up for auction on the public stock exchanges. Under this system of auctioning available exchange, all general goods for import are divided into five categories. These range from the first category composed of essential imports to the fifth category consisting of less essential and luxury goods.

Exchange certificates are auctioned for each type of foreign exchange and for each import category. The purchase of the exchange certificate entitles the importer to buy the foreign exchange at the official rate of 18·82 cruzeiros per dollar.

A typical purchase of exchange proceeds as follows. In order to buy category II imports from Canada the importer, through his broker, bids at auction for a category II exchange certificate for, say, 10,000 U.S. dollars. The agios (auction price) for these certificates have been running as high as 100 cruzeiros per dollar. To the cost of the certificate—in this case one million cruzeiros—must be added proportional stamp taxes of six cruzeiros per 1,000 cruzeiros and an educational stamp tax of 1·50 cruzeiros. In addition, the importer must pay brokerage charges and stock exchange fees amounting to 0·225 per cent of the purchase price.

With his exchange certificate, the importer then applies to the Foreign Exchange Department of the Bank of Brazil for an import licence which, subject to verification of prices and quantities listed, is issued almost automatically. At this stage it is usual for the importer to close his foreign exchange through payment at the official rate of 18·82 cruzeiros per dollar, to which must be added an exchange remittance tax of 10 per cent. Therefore the cost to the Brazilian importer of $10,000 U.S. to pay for category II imports from Canada is as follows:

Agio, plus stamp taxes	1,006,001·5
Brokerage charges	2,250·0
Official exchange	188,820·0
Remittance tax	18,820·0
Total	1,215,891·5

Agios Increase Import Costs

This simple example will demonstrate the importance of the agio in the total cost of imported merchandise. When it is realized that agios for U.S. dollar certificates for fifth category goods have run as high as 350 cruzeiros per dollar, it is obvious that fifth category dollar goods become prohibitively expensive for Brazilian importers.

To import the same products from other countries such as Belgium, France, the United Kingdom or Germany, the importer must go through the same procedure. He must buy currency certificates at auction for Belgian francs, French francs, pounds sterling, German agreement dollars, or whatever the currency of payment may be. To this he must add the stamp taxes, brokerage fees, cost of the official exchange and the exchange tax. However, while the official exchange rate and exchange remittance tax

TABLE I

Minimum Agios at São Paulo Exchange Auctions

(Cruzeiros)

	120 days delivery U.S. Dollars					Prompt Delivery German Dollars					Prompt Delivery Japanese Dollars				
1953	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
October 16	14	30	36	58	75	—	—	—	—	—	10	10	10	10	10
November	11	35	41	43	104	—	—	—	—	—	10	13	15	41	70
December	15	23	40	43	111	—	—	—	—	—	10	12	16	23	53
1954															
January	21	26	45	56	120	—	—	—	—	—	—	—	—	—	—
February	25	45	65	90	150	—	—	—	—	—	19	21	32	41	115
March	25	45	55	90	141	11	16	31	30	70	21	20	31	41	112
April	26	25	45	77	115	17	33	45	55	81	11	12	17	33	101
May	18	25	50	79	121	17	25	36	50	82	14	14	19	21	66
June	16	25	55	71	131	15	22	38	52	96	13	16	17	35	91
July	25	34	68	85	131	15	27	42	53	110	20	24	24	35	106
August	36	46	90	100	153	23	35	50	60	145	26	30	34	54	130
September	31	47	75	100	154	21	41	41	57	102	21	33	35	67	120
October	32	44	86	101	161	23	37	46	62	115	27	33	43	80	221
November	69	54	110	110	160	30	46	65	75	117	35	43	48	124	173
December	46	58	140	185	188	27	50	62	74	136	29	43	53	91	132
1955															
January	40	56	120	152	207	24	39	65	70	143	24	39	41	55	113
February	45	61	143	231	250	35	46	83	95	181	26	42	45	61	131
March	58	90	177	201	366	50	85	165	161	250	35	44	62	75	147
April	65	96	187	101	300	57	112	180	182	351	41	53	71	83	152
May	66	83	165	222	262	60	132	200	201	260	38	50	78	81	167
June	69	99	188	286	314	—	—	—	—	—	40	44	78	110	207

Note I: Various currencies are offered on different days. Therefore, currency offering nearest to the 15th. of each month is used.

Note II: No German agreement dollars were offered in São Paulo until March 1954. No offerings were made in June 1955.

are the same, the agios for non-dollar certificates have generally been less than for equivalent U.S. dollar certificates (see Table I). Accordingly, the agio is particularly important to Canadian suppliers competing in the Brazilian market.

There are two basic causes for the higher bids for United States dollars. One is the propensity of Brazilians for North American goods, resulting in a larger number of bidders. The other is the shortage of available United States dollars which means higher bids.

Import Categories

A cursory examination of Table I will show that fifth category dollar exchange certificates are, except in specific cases, too expensive for local importers to consider buying them. There are exceptions such as the luxury products, where the price factor is not dominant because the class purchasing such products can afford to pay the high cruzeiro cost. In other cases, short supply or necessity for prompt delivery will compel local importers to purchase from dollar sources. In general there is a tendency to produce locally those fifth category dollar items which formerly were imported from North America, or else turn to other sources of supply.

Generally speaking, Canadian firms whose products are in the first, second or third category have the best chance of competing. In the first place, goods in these categories are not produced locally in such quantities as to meet the demand, otherwise they would be transferred to a lower category. Second, cruzeiro cost is not so prohibitive. Third, the difference between dollar agios and other currency agios in general increases as you move from the first category to the fifth. Hence products in lower categories become less competitive.

The table below gives in very general terms the nature of the items in the different categories. It should be noted that a general revision of these import categories was effected by Instruction No. 118 of the Superintendency of Currency and Credit of June 22. Exporters who wish to know the precise categories into which their products fall should write to the International Trade Relations Branch of the Department, Ottawa.

Category I: Fungicides; selected raw materials; drugs; equipment for hydro-electric plants; aircraft and aerial navigation equipment; medical, dental and veterinary equipment.

Category II: Codfish; industrial raw materials (mainly metals); resins and chemicals; asbestos; wood pulp; railway spare parts.

Category III: Motors; metallic alloys and products; machinery for various industries; truck chassis; chemicals; yarns; communication and electronic equipment; engines, generators; road-building and railway equipment; pumps, tools; sundry industrial equipment.

Category IV: Dried powdered milk; fresh fruits; chemicals; telephone equipment; cameras; various industrial and commercial equipment.

Category V: All goods not included in the above categories.

In addition to the regular auctions, special agricultural auctions are held at which exchange certificates are auctioned for goods destined for agricultural use. In this auction the goods for import are divided into two general categories—one, fertilizers and two, insecticides, livestock for breeding purposes, seeds, and other products.

The agios in these auctions for dollar certificates range from Cr$25.00 in the first category to Cr$35.00 in the second.

Outside of the regular auction system, foreign exchange is made available for special projects at agios set by the Government, or at the official rate. These include hydro-electric developments, railways, and other public and private projects of special interest to the Brazilian economy.

Implications for Canadian Exporter

Selling Canadian products in Brazil is a matter of patient examination of the market, determining the agios being paid by competitive products, and keeping in close touch with agents to take advantage of short supply that may cut off other less expensive sources. Many products are priced out of the market not because of their dollar cost but because of their landed cruzeiro cost.

Many firms from Europe, the United States and Japan have established plants in Brazil to retain their markets which otherwise would have vanished because of the high cruzeiro cost of their imported products. This is a possibility that might profitably be examined by more Canadian firms. However, undertaking a branch plant is not without its difficulties. Other firms have established royalty or leasing arrangements for their products with local Brazilian producers.

A general improvement in the Brazilian foreign exchange position cannot be expected for some time to come. However, opportunities occasionally arise because of shortages or changing regulations. For this reason Canadian exporters should keep their agents supplied with up-to-date price information so that if the chance comes, the agent can move quickly.

Brazil is not an easy market to sell in but it is Canada's seventh largest and our largest in South America. It deserves to be watched closely.

Nicaragua Alters Trading Regulations

July brought long-awaited new customs tariff in Nicaragua, plus revaluation of the cordoba and new foreign exchange law. Position of Canadian exporters trading with this country should not be weakened.

J. R. MIDWINTER, *Assistant Trade Commissioner, Guatemala City.*

RECENTLY THE GOVERNMENT OF NICARAGUA altered its regulations covering foreign transactions by issuing a number of complementary decrees.

The three principal measures are a new customs tariff, a new international exchange law, and a revaluation of the exchange rate for the cordoba. The overall effect is to simplify dealings for the businessman. Although the new combined specific and ad valorem rates of duty on imports are generally higher than the specific rates formerly levied, the duties which apply to a number of products of interest to Canada have been reduced. Further, the new ad valorem rates are offset at least in part by the abolition of a variety of additional levies on imports. In the revaluation of the cordoba, the former multiple exchange rate structure applying to imports has been replaced by a single import rate.

It is not expected that these decrees will have an unfavourable effect on Canada's sales position (at least in most cases) but some of the changes will probably interest Canadian exporters.

New Tariff

Long expected, the new tariff on July 1st replaced an old law which, though it was frequently amended, had been in force since 1918. As with the new tariff which Honduras introduced in April, the Nicaraguan measure follows the uniform numbering and nomenclature agreed upon by the five Central American governments several years ago. A combination of specific and ad valorem duties for all items in the tariff schedule has replaced the old structure of specific duties only. The specific charges, instead of being based on the net weight of merchandise as before, are now levied

on the gross weight which includes all packing. The ad valorem rates are based on the c.i.f. value.

Because Nicaragua has no preferential arrangements with any country and because Canada's trade agreement with Nicaragua provides for the exchange of most-favoured-nation treatment, none of the tariff changes will weaken Canada's competitive position vis-à-vis other exporters. Although the position of domestic industry may be improved in some cases, the tariff continues to be designed to produce revenue rather than protection.

The additional charges on imports which have been abolished include several surcharges and special taxes, and all excise, import and sales taxes (but not duties) on alcoholic beverages, tobaccos, cigarettes and cigars. Still retained are consular fees (payable by the exporter), and charges for wharfage, storage and haulage of merchandise within the customs areas.

Free List Cut Down

The Free List has been cut down and no longer includes fertilizers, farm, industrial and construction machinery, or most other classes of ordinary imports previously excepted. Nor does the Government, with some qualifications, now enjoy any special privileges. (In the past, all imports for the public account were free of duty.) Samples without appreciable commercial value, however, will continue to be admitted duty-free.

The new law also authorizes the appointment of a Central Customs Commission, whose tasks will be to propose amendments where necessary, to implement the recommendations of the Collector General of Customs, and to hear individual appeals against decisions of customs officers.

International Exchange Law

The new Exchange Law reaffirms the responsibility of the Banco Nacional for all foreign exchange transactions and continues to require importers to register orders with the bank and deposit specified sums in local currency before import is authorized. The main changes are in the rates at which exchange may be bought and sold and in the amount of deposit required.

Importers may now buy foreign exchange at the uniform rate of 7·0525 cordobas for each United States dollar or its equivalent in other currencies, instead of at approximately seven, eight or ten cordobas as formerly, depending on the class of merchandise involved. According to the decree, the Government must also buy exchange at the new rate instead of at its old preferential rate of five cordobas to the dollar. The new customs tariff is in part designed to replace the multiple-rate structure as a form of control and a source of national revenue.

Nicaraguan exporters receive payment at the rate of 6·60 cordobas to the United States dollar and the Bank reserves the right to refuse to accept credits in currencies not readily convertible into United States funds.

The difference between the official buying and selling rates accrues to the Government and the funds accumulated are to be used exclusively for national development.

Prior Deposits Required

The new exchange regulations continue to require prior deposits for imports and the registration of the import order. The sum which importers must deposit with the Banco Nacional or other authorized banking house before a purchase may be concluded is to be a percentage of the c.i.f. value of the order, the ratio depending on the essentiality of the commodity. For this purpose, all imports are to be grouped in three lists or categories. For items in Category No. 1, no prior deposit is required; for those in No. 2 and No. 3, the deposits are 75 and 100 per cent respectively of the full c.i.f. value of the orders. As assignment of items to the three categories has not yet been completed, the Nicaraguan Government has ruled that for the time being the categories shall be drawn from previous decrees. Details may be obtained from the International Trade Relations Branch of the Department of Trade and Commerce.

A copy of the import registration continues to be required in order to obtain legalization of the shipping documents from Nicaraguan consuls abroad. In addition, Nicaraguan customs authorities require a copy of the import registration and evidence that the relevant draft has been paid before permitting customs clearance of the goods. As an exception, imports on instalment terms will be cleared without proof of payment; so will imports by air freight. For the latter, such proof must be presented within 15 days of customs clearance.

Revaluation of the Cordoba

Until July 1st, the official rate of exchange between the cordoba and the United States dollar was five to one, based on the equivalent in gold of each currency. This did not represent the actual situation and to set a new official rate in line with the market rate, it was necessary to alter the cordoba's gold base. The gold content of the cordoba, therefore, was reduced from 1/175 of a fine ounce to 1/245, and a new rate of exchange established with the United States dollar of seven to one. In theory a substantial devaluation, in actual fact the change is merely a recognition of an existing situation and in itself means no substantial alteration in Nicaragua's foreign trading position. All holdings of gold and foreign exchange as of June 30th, however, were to be stated at the new rate. ●

trade and tariff regulations

Austria

VARIOUS DOLLAR IMPORTS LIBERALIZED—Effective July 15, Austria liberalized various goods originating in Canada or the United States and imported directly from the country of origin. The liberalized commodities remain subject to import and exchange permits which will be granted freely without quantitative or currency restrictions for the listed goods.

Import permits for liberalized goods are valid for six months and are not renewable. Moreover, certificates of origin are required for liberalized imports. They may be issued by an official authority competent in the place of origin of the goods such as customs authorities, Chambers of Commerce, Boards of Trade, civic authorities or Austrian representation authorities.

Although this step affects only a relatively small proportion of the trade with Austria, it is significant because it places a number of Canadian products on equal footing with non-dollar goods for the first time since the war.

The list of liberalized dollar imports contains the following goods which appear to be of interest to Canadian exporters:

- Crude asbestos
- Whisky (subject to monopoly provisions)
- Canned salmon and other canned fish
- Canned lobster and crayfish
- Hops, hop meal
- Fresh shellfish and crustaceans
- Hydrogenated edible oils
- Fish oils
- Hydrogenated oils for technical purposes
- Bone grease and mixtures of greases
- Animal tallow for technical purposes, namely, prime tallow, fancy tallow, yellow grease
- Animal wax, crude
- Prepared wax
- Fatty acids
- Linseed oil, rapeseed oil and other industrial fatty oils, unfit for immediate use as edible oils
- Fats and oils from waste matter, oil sediments, soap-stock
- Canned peaches, grapefruit and pineapples
- Grapefruit and pineapple juice and mixtures thereof
- Lead ore
- Birch-tar oil and pine oil, crude
- Vaseline, purified, in barrels
- Lubricating substances, prepared
- Nylon and other synthetic fibres and waste fibres
- Artificial silk except endless spun cables and yarns of discontinuous artificial and synthetic fibres
- Unexposed cinematograph and other films except X-ray films
- Ferro-chromium
- Iron sheets and plates, tinned (tinplate)
- Passenger automobiles, new
- Carbolic acid
- Butyl and propyl alcohols and their ISO—and tertiary compounds
- Vitamins, not prepared—Berne, July 19.

Information regarding individual items on the Austrian list of liberalized dollar imports may be obtained from the International Trade Relations Branch.

Australia

TARIFF BOARD INQUIRIES—The Australian Tariff Board announced recently that it will review the following two matters:

1. *Bags, sacks, packs and bales*

What rates of duty should be imposed on the following goods:

(*a*) bags, sacks, packs and bales for bran, chaff, potatoes, onions and coal classifiable under tariff item 134 (A); and

(*b*) compressed fodder sacks and ore bags classifiable under tariff item 134 B.

These products are at present free of duty from all sources.

2. *Automotive Industry*

(*a*) What tariff item or items should be inserted in the customs tariff to take the place of items already in the tariff affecting the automotive industry.

(*b*) In the event of any new item or items being recommended by the Board, what rates of duty should be imposed under such item or items in order to preserve, as far as practicable, the protective effect on the existing item or items which it is recommended should be replaced.

(*c*) What variations, if any, should be made in the rates of duty at present provided for motor vehicle bodies classifiable under tariff items 359(D)(1), 359(D)(2) or 359(D)(3).

(*d*) What variations, if any, should be made in the rates of duty at present provided for motor vehicle pressed metal panels classifiable under tariff item 359(E).

(*e*) What variations, if any, should be made in the differential at present provided in the customs tariff between the rates of duty on unassembled motor vehicle chassis classifiable under tariff items 359(D)(4)(*a*) and 359(D)(4)(*b*), and the rates of duty on assembled motor vehicle chassis classifiable under tariff item 359(D)(4)(*c*).

(*f*) Whether, in the opinion of the Tariff Board, the present system of deletion allowances being operated by overseas suppliers of motor vehicles, in respect of the non-supply of motor vehicle components, operates to the detriment of Australian companies engaged in the assembly of motor vehicles incorporating Australian-made components or of Australian manufacturers of such components. If so, what steps, if any, should be taken to overcome any such detriment.

The rates of duty applicable to these products may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. Canadian firms who are exporting any of the products listed above to Australia and who wish to have their views on these tariff questions placed before the Tariff Board should request their Australian agents to act on their behalf. Action should be taken as soon as possible because tariff inquiries normally begin in Australia soon after the announcements are made.

India

IMPORT TRADE CONTROL POLICY FOR JULY-DECEMBER 1955—The import trade control policy of India for the licensing period July-December 1955, announced in a press release dated June 30, indicates considerable relaxation so far as the dollar currency area is concerned. Licensable goods from the dollar currency area now include 45 items which were previously prohibited, 45 items for which the quotas have been increased, four items which have been added to the list of goods which are under more liberal licensing arrangements, and two items added to the list of goods which may be admitted under Open General Licence—i.e., without restriction from the dollar area. The quotas on eight items from the dollar area have been reduced or eliminated.

The items imports of which from the dollar area were prohibited during January-June 1955 and now licensable include:

Iron and steel welded fabrics; steel belt lacing; marine-type diesel engines.

Butter and cheese; vegetable products, pickles, chutneys, sauces, ketchups and condiments; jams, jellies and marmalades; fruit juices, squashes, cordials and syrups; canned vegetables and canned fruits; essences; powdered milk and milk food.

Household, laundry and toilet soap; polishes and compositions; steel pens (i.e., pen holder nibs); fountain pens.

Blankets and rugs; oilcloth and floor cloth; tiles other than glass, earthenware and porcelain; sheet and plate glass, glass tableware, glass feeding bottles.

Safety razor blades; domestic sewing machines, complete; metal lamps and parts; arms and ammunition and military stores; artists' brushes; veneers and plywoods; treadle printing presses; goggles, sun glasses, glare glasses; glass substitutes; snap fasteners.

The items on which the quotas for the dollar area have been increased include unspecified asbestos manufactures; all sorts of unspecified engine and boiler packings; steam, pneumatic and hydraulic packing for all machinery; ready-made boiler packing; mild steel electrodes, both coated and uncoated; adjustable hand reamers and expanding reamers, twist drills and reamers, carbide-tipped drills and reamers; precision and measuring tools; leather belting for machinery motor car lamps (auto bulbs); portable instruments.

Hydrosulphite of soda, rangolite C (sodium sulphoxylate), formaldehyde or formosul L, and sodium nitrite; textile preservatives (excluding phenol creso but including their substituted products); wetting-out, penetrating, dispersing, scouring and emulsifying agents, waterproofing agents; synthetic bleaching agents and dyeing and printing agents; solvents, synthetic mordants and textile oiling agents.

Hops; saccharine; synthetic essential oils; camphor; all sorts of fireworks; parts of fountain pens; gold and gold-plated nibs; all sorts of unspecified cutlery; wireless instruments and apparatus including wireless transmission apparatus; playing cards; buttons, metal or other than metal; motor vehicle parts—shock aborbers and thin-walled bearings; diamonds, unset and imported uncut; power-driven duplicators and parts thereof; hosiery needles for hosiery and knitting machines, industrial sewing machines; water meters; weighing machines and parts thereof; plastic frames, including sides and fronts thereof and metallic frames including sides and fronts for goggles, sun and glare glasses and spectacles with metallic

frames; cellulose acetate butyrate; polyvinyl chloride plastic sheets (unsupported).

Items for which the licensing has been liberalized include cuttlefish bone; rubber contraceptives; cellulose nitrate sheets, rods and tubes; rawl plugs.

Feathers and silicon have been added to the list of goods which may be admitted under Open General Licence.

The goods for which the quotas have been reduced include hacksaw blades; parts of typewriters excluding ribbons; microscopes and accessories, slides and cover glasses, Brinells' microscopes; motor vehicle parts—spark plugs, brake linings and clutch facings; acetic acid, ammonium chloride, calcium chloride. The quota has been eliminated on fodder, bran and pollards and white printing paper (excluding laid-marked paper) which contains mechanical wood pulp amounting to not less than 70 per cent fibre content and which weighs not less than 40 grams per square metre (i.e., newsprint other than coloured newsprint).

A complete schedule of the licensable goods to be imported into India from the dollar currency area may be obtained upon request from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Italy

TEMPORARY TARIFF REDUCTIONS EXTENDED—All temporarily reduced rates in the Italian customs tariff have been extended for one year until July 14, 1956, by virtue of a Presidential decree published in the Italian *Official Gazette* of July 14. The temporarily reduced duties have been in force, with certain modifications, since 1950 when the present Italian customs tariff was introduced—Rome, July 15.

Jamaica

LICENSING ANNOUNCEMENT—The Trade Board, Jamaica, advised importers on July 25 that it is prepared to consider applications for licences to import fresh or frozen fish from hard currency sources.

New Zealand

IMPORT RESTRICTIONS RELAXED—It was announced recently that a number of products have been added to the list of those which may be imported freely into New Zealand from all sources. Among the additional products which are of interest to Canada are: leaf tobacco, sausage casings, linseed oil, most inorganic acids, synthetic essences, essential oils, biological preparations, chemicals for use in fertilizers, manures, metallic elements, dental and surgical instruments and supplies, surgeons' rubber gloves, straw and felt hats and hoods, sewing thread, synthetic fibres and yarns, typewriters, accounting and computing machines, radio tubes, sheet glass, forage harvesters, combines, tractors, pick-up hay balers, corn planters and pickers, grinding wheels, non-ferrous metal rods, bars and foil, aluminum transmission cable, cast iron and wrought iron pipe, dry paints and colours.

Further information on New Zealand import restrictions may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Pakistan

RUPEE DEVALUED—The official par value of the Pakistan rupee has been changed from 3·30852 rupees per U.S. dollar or its equivalent in other currencies to 4·7619 rupees to the U.S. dollar, effective July 30.

The former rate of about 3·3 to the dollar has been maintained since Pakistan established its own national currency in 1948. Pakistan did not devalue in 1949 along with the United Kingdom, India and many other countries. The result of the current devaluation is to re-establish the relative exchange value of the Pakistan rupee in terms of the pound sterling, the Indian rupee and a number of other currencies which prevailed before the 1949 devaluation.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—It was announced on July 22, 1955, that the South African Board of Trade and Industries had received the following representations respecting the tariff:

Increase in duty on:

1. Diamond and shot drills, from free of duty (minimum rate) and 5 per cent ad valorem (intermediate rate) to 20 per cent and 25 per cent ad valorem, respectively.
2. Socks and three-quarter hose, from various rates of duty to $33\frac{1}{3}$ per cent ad valorem or $\frac{1}{2}$d. per pair, whichever is the greater.
3. Copper sheets, from free of duty to 35 per cent ad valorem.

Interested Canadian firms may wish to have their views on these tariff inquiries placed before the Board of Trade and Industries. The most effective method of making representations is for such firms to request their representatives in South Africa to act

on their behalf before the Board. These matters are normally taken under review soon after the announcements are made, and it is advisable that interested Canadian firms take action as soon as possible. Firms making representations may wish to use the services of the Canadian Trade Commissioners in Johannesburg and Cape Town.

United Kingdom

ASH, HICKORY AND TOOL HANDLES ON OPEN INDIVIDUAL LICENCE—Notice to Importers No. 741 issued by the Board of Trade on July 28 announces that the types of hardwood tool handles which have been imported as essentials from the dollar area under quota arrangements will in future be admissible from any country under Open Individual Licence. These types are listed as:

Ash handles, viz.: American shovel, ash "D", ash stem, hay fork, hoe, Irish shovel, manure fork, rake, and scythe snath;
Hickory handles, viz.: Adze eye claw hammer, axe, and navvy or railroad pick.

Ash and hickory log, lumber and dimension stock hitherto imported under the above-mentioned quota arrangements for the manufacture of certain handles will similarly be admissible for that purpose under Open Individual Licence. The handles in question comprise those listed above and, in addition, the following:

baker's shovel, boat hook, brake stick, hatchet, maul, shunt pole, slasher, sledgehammer Welsh mandril, and pick handles for any purpose.

All Open Individual Licences will be unlimited as to quantity, value, or country of consignment, and will be valid until June 30, 1956.

Applications for licence include an undertaking by the trader to import only handles or material of the descriptions specified and, if required, to make returns of imports, stocks held, and quantities used.

United Kingdom

DUTY-FREE ENTRY OF ADVERTISING MATERIAL BROADENED—The Import Duties Exemptions No. 5 Order, effective from July 1, 1955, broadens the scope of the duty-free item of the United Kingdom tariff covering printed trade advertising material. It now reads: catalogues, lists and other books, publications and documents imported either in a packet not exceeding 2¼ lb. in gross weight or in a packet containing not more than one copy of any catalogue, list or other book, publication or document, being in either case a postal packet or a packet which does not form part of a larger consignment.

Printed trade advertising material of the foregoing description therefore enters duty-free regardless of the country of origin.

Before July 1, 1955, the duty-free item was limited to the material in question when imported *by post* either in single copies or in a packet not exceeding 8 oz. in gross weight.

In so far as printed advertising material of Canadian production is concerned, the effect of the Order is to widen the types which may be imported duty-free without certificates of origin. Printed advertising material shipped otherwise than as above, (e.g., in bulk) continues to be entitled to duty-free entry under Imperial Preference when accompanied by certificates of Canadian origin.

United States

TARIFF COMMISSION INVESTIGATION INTO IMPORTS OF FLUORSPAR—The United States Tariff Commission has announced that an investigation was instituted on August 1, 1955, under section 7 of the Trade Agreements Extension Act to determine whether FLUORSPAR CONTAINING MORE THAN 97 PER CENT OF CALCIUM FLUORIDE, provided for in tariff paragraph 207, and on which a concession was granted under the General Agreement on Tariffs and Trade, is, as a result of such concession, being imported into the United States in such increased quantities as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

The Tariff Commission has announced further that a public hearing will be held in connection with this investigation beginning on September 27, 1955.

The present United States duty on fluorspar, containing more than 97 per cent calcium fluoride, is $2.10 per ton.

Trade Commissioners on Tour

H. W. RICHARDSON, Commercial Secretary in Athens, Greece, began his Canadian tour in Ottawa on April 25th and completes it in Montreal on September 7th. His itinerary is: Saint John, Aug. 22; Halifax, Aug. 24; St. John's, Newfoundland, Aug. 26; Montreal, Aug. 30-Sept. 7. Businessmen may get in touch with Mr. Richardson through the Board of Trade in Saint John, Halifax and Montreal, and through the local office of the Department of Trade and Commerce in St. John's.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalents and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from importers. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1·01620.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 5	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Preferential buying	·1312	7·62	
		Basic buying	·1968	5·08	
		Preferential selling	·1968	5·08	(1)
		Basic selling	·1312	7·62	
		Free	·07061	14·16	
Australia	Pound		2·1945	·456	
Austria	Schilling		·03785	26·42	
Belgium-Luxembourg	Franc		·01958	51·07	
Belgian Congo	Franc		·01958	51·07	
Bolivia	Boliviano	Official	·00518	193·09	
British West Indies	Dollar		·5715	1·75	(3)
	Pound		2·7431	·365	(4)
	Dollar	British Honduras	·6858	1·46	
Brazil	Cruzeiro	Effective selling Category I	·01072*	93·26*	tax 10% (2)
		Category V	·00353*	283·44*	*July 19
		Official buying	·05360	18·66	(5)
Burma	Kyat		·2067	4·84	
Ceylon	Rupee		·2057	4·86	
Chile	Peso	Official	·00492	203·25	(1)
Colombia	Peso	Basic	·3936	2·54	(6)
		Free	·1753	4·13*	*Aug. 3
Costa Rica	Colon	Official	·1482	5·70	
		Controlled free	·2423	6·75	
Cuba	Peso		·9841	1·016	tax 2% (2)
Czechoslovakia	Koruna		·1367	7·32	
Denmark	Krone		·1425	7·02	
Dominican Republic	Peso		·9841	1·016	
Ecuador	Sucre	Official	·06561	15·24	
		Free	·05672	17·63	
Egypt	Pound	Official	2·8258	·354	(7)
Fiji	Pound		2·4713	·405	
Finland	Markka		·00428	233·70	
France	Franc		·00281	355·62	(8)
French Africa	Franc		·00562	177·81	(9)
French Pacific	Franc		·01547	64·64	(10)
Germany	D Mark		·2336	4·28	
Greece	Drachma		·03280	30·49	
Guatemala	Quetzal		·9841	1·016	
Haiti	Gourde		·1968	5·08	
Honduras	Lempira		·4920	2·03	
Hong Kong	Dollar	Free	·1684	5·94	*July 29
Iceland	Krona	Official	·06042	16·55	
		Special buying	·04763	20·99	
		Special selling	·03763	26·57	(11)
India	Rupee		·2057	4·86	
Indonesia	Rupiah	Basic	·08621	11·60	(12)
Iran	Rial	Certificate	·01299	76·98	
Iraq	Dinar		2·7554	·363	
Ireland	Pound		2·7431	·365	
Israel	Pound		·5467	1·83	
Italy	Lira		·00158	633·31	

* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Aug. 5	Units per Canadian dollar	Notes (See below)
Japan	Yen		·00273	365·76	
Lebanon	Pound	Free	·3041	3·29	
Mexico	Peso		·07873	12·70	
Netherlands	Guilder		·2572	3·89	
Netherlands Antilles	Guilder		·5183	1·93	
New Zealand	Pound		2·7431	·365	
Nicaragua	Cordoba	Effective buying	·1491	6·71	
		Official selling	·1396	7·16	
Norway	Krone		·1378	7·26	
Pakistan	Rupee		·2057	4·86	
Panama	Balboa		·9841	1·016	
Paraguay	Guarani	Basic	·04686	21·34	(1)
		With Surcharge I	·03645	27·44	
		With Surcharge II	·02734	36·58	(13)
Peru	Sol	Certificate	·05179	19·31	
Philippines	Peso		·4920	2·03	tax 17% (2)
Portugal	Escudo		·03434	29·12	(14)
El Salvador	Colon		·3936	2·54	
Singapore & Malaya	Straits dollar		·3200	3·13	
South Africa (Union of)	Pound		2·7431	·365	
Spain & Dependencies	Peseta	Basic buying	·04493	22·26	
		Basic commercial selling	·05991	16·69	(1)
		Free	·02526	39·59	
Sweden	Krona		·1902	5·26	
Switzerland	Franc		·2296	4·36	
Syria	Pound	Free	·2755	3·63	*May 16
Thailand	Baht	Free	·04397	22·74	*May 27 (1)
Turkey	Lira		·3514	2·85	
United Kingdom	Pound		2·7431	·365	
United States	Dollar		·9841	1·016	
Uruguay	Peso	Official	·6478	1·54	tax 6% (2)
		Basic buying	·5528	1·81	(1)
		Special buying	·4188	2·39	
		Basic selling	·5179	1·93	
		Special selling	·4017	2·49	
Venezuela	Bolivar		·2937	3·40	
Yugoslavia	Dinar		·00328	304·88	

* Latest available quotation date.

notes

1. Additional rates are in effect.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Br. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Currency certificates auctioned for five import categories. Effective selling rate is official plus price of certificates. Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 31.70 cruzeiros per U.S. dollar depending on product.
6. Colombia: Stamp taxes of 3, 10, 30, 80 and 100 per cent on imports depending on essentiality.
7. Egypt: Egyptian exporters receiving payment in dollars are granted Entitlements authorizing purchase of exchange for dollar imports. Effective rate for imports into Egypt is official plus premium (average of 13·5 per cent in May) on Entitlements.
8. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
9. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
10. New Caledonia, New Hebrides, Oceania.
11. Iceland: Special rates apply to minor export products of small fishing boats and designated non-essential imports.
12. Indonesia: Basic rate applies to all exports and essential imports. Purchase of exchange for other imports is subject to exchange surcharges of 33⅓, 100 or 200 per cent depending on product.
13. Paraguay: Basic rate applies to most Paraguayan exports.
14. Portugal: Approximately same rate for Portuguese Territories in Africa.

Congo Goods for Congo Consumers

Industry has made good progress in the Congo but produc-tion cannot yet meet consumer demand. Congo seek foreign investment in new industry; power potentia should assist development.

A. B. BRODIE, *Trade Commissioner, Leopoldville.*

INDUSTRY IN THE BELGIAN CONGO has developed amazingly over the past eight years. The number of industries—in a country with a population of some 90,000 Europeans and about twelve million Africans—has increased from 4,277 in 1947 (2,314 in 1937) to over 5,250 in 1954, providing about 6 per cent of the gross national product. The movement of private capital into the Congo and the mandated territory of Ruanda-Urundi between 1887 and 1953* has exceeded $1,226 million; the Belgian Congo and Belgium together hold about 95·7 per cent. Other investing countries include the United Kingdom, 21·1 per cent; France, 0·40 per cent; the Netherlands, 0·35 per cent; the United States, 0·13 per cent, and Canada, 0·05 per cent.

The textile industry has expanded in recent years. The seven operating mills, dispersed throughout this huge colony of almost one million square miles, are producing native prints, blankets, sacks and tarpaulins from locally-grown cotton and fibres. Over 70 plants of varying sizes are making shirts, belts, trousers, hats and the like.

New Industries

New factory areas have mushroomed in the large cities of the Congo in much the same way as several Canadian cities, such as Granby and Cornwall, have developed. The industries include lumber (veneers, plywood and furniture); metalworking (metal trunks, hurricane lamps, window frames, metal beds); ceramics; glassware (bottles); chemicals, paints and varnishes, food products and others. For the most part, these industries use local raw materials and the production covers only a small fraction of the growing needs of the Colony. The African standard of living has improved remarkably during the last five years and this improvement has created a demand which the Congo factories are endeavouring to meet.

The following production figures for Congo industries illustrate the industrial progress of the colony.

Industry	*Production 1953*	
Construction		
Cement	248,300	metric tons
Asbestos cement	2,122,200	square metres
Bricks	422,212,000	bricks
Sawn wood	218,200	cubic metres
Plywood	17,400	" "
Chemicals		
Explosives	2,234,000	kilos
Sulphuric acid	60,600	tons
Bottles	12,000,000	bottles
Soap	16,100	tons
Paint and varnishes	1,600	"
Foods		
Sugar	16,500	tons
Beer	738,800	hectolitres
Milk	11,544,900	litres
Textiles		
Materials	43,498,800	metres
Sacks	4,860,000	sacks
Leather		
Shoes	1,266,700	pairs
Leather	200	tons
Hides	800	"
Cigarettes		
Cigarettes	2,700,390,000	cigarettes
Metalworking		
Drums	1,086,700	drums
Trunks	74,600	trunks

There is, seemingly, no let-up in the development o industry in this Colony, and when more electric powe becomes available, industries will become even mor important. The Congo Ten-Year Plan provides fo four new hydro plants to supply the growing needs o Leopoldville, Stanleyville, Albertville and the easter areas of the Congo. These installations will have a capacity of about 68,000 kw.

Foreign Investment Encouraged

The Ministry of Colonies in Brussels has in recen months been endeavouring to encourage outside investors to come to the Congo and expand with it The Inga area of the Bas-Congo (some 60 miles from the port of Matadi) has been discussed as a likely site for a series of diversified industries. The watershed at one particular point in this region is close to 73,000 cubic metres per second during the rainy season, with a drop of over 300 feet. Harnessing of the Inga flow of water will depend largely on how much interest can be aroused among private investors to open up important power-consuming industries. It will depend, too, on whether African labour can be readily recruited to move into this sparsely populated part of the Congo.

* Private investments of registered Congo firms in the Belgian Congo and Ruanda-Urundi amount to 49·2 per cent of the total.